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SOCIAL SECURITY AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND WHICH CONSISTS OF TWO SEPARATE INSTRUMENTS, PURSUANT TO SSA, SEC. 233(e) (91 STAT. 1538)

MAY 10, 1984.—Message and accompanying papers referred to the Committee on Ways and Means and ordered to be printed.

U.S. GOVERNMENT PRINTING OFFICE

31-011 O WASHINGTON : 1984

To the Congress of the United States:

Pursuant to section 233(e)(1) of the Social Security Act as amended by the Social Security Amendments of 1977 (P.L. 95-216, 42 U.S.C. 433(e)(1)), I transmit herewith the Agreement between the United States of America and the Government of The United Kingdom of Great Britain and Northern Ireland which consists of two separate instruments. The Agreement was signed in London on February 13, 1984.

The U.S.-U.K. agreements are similar in objective to the social security agreements already in force with Italy, the Federal Republic of Germany and Switzerland and to proposed agreements with Canada, Belgium and Norway which are expected to enter into force later this year. Such bilateral agreements, which are generally known as totalization agreements, provide for limited coordination between the United States and foreign social security systems to overcome the problems of gaps in protection and of dual coverage and taxation for workers who move from one country to the other.

I also transmit for the information of the Congress a comprehensive report prepared by the Department of Health and Human Services, which explains the provisions of the Agreements and provides data on the number of persons affected by the Agreements and the effect on social security financing as required by the same provision of the Social Security Act.

The Department of State and the Department of Health and Human Services join with me in commending the U.S.-U.K. Social Security Agreement and related documents.

RONALD REAGAN.

THE WHITE HOUSE, *May 10, 1984.*

Agreement on Social Security Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland

The Government of the United States of America and
The Government of the United Kingdom of Great Britain and Northern Ireland.

Being desirous of regulating the relationship between their two countries in the field of Social Security, have agreed as follows:

Part I

General Provisions

ARTICLE 1

For the purpose of this Agreement:

1. "Territory" means,
   as regards the United States, the States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam and American Samoa, and
   as regards the United Kingdom, England, Scotland, Wales, Northern Ireland, and also the Isle of Man and the Islands of Jersey, Guernsey, Alderney, Herm and Jethou; and references to the "United Kingdom" or to "territory" in relation to the United Kingdom shall include the Isle of Man, Jersey, Guernsey, Alderney, Herm and Jethou where appropriate;
2. "Laws" means,
   the laws specified in Article 2 of this Agreement, or regulations or Orders emanating from those laws, which are applicable in the territory of a Party or in any part thereof;
3. "Competent Authority" means,
   as regards the United States, the Secretary of Health and Human Services, and
   as regards the United Kingdom, the Secretary of State for Social Services, the Department of Health and Social Services of Northern Ireland, the Isle of Man Board of Social Security, the Social Security Committee of the States of Jersey or the States of Guernsey Insurance Authority, as the case may require;
4. "Agency" means,
   as regards the United States, the Social Security Administration, and
   as regards the United Kingdom, the Departmental and independent authorities duly appointed to decide the matter in question;
5. "Period of coverage" means,
   as regards the United States, a period of payment of contributions or a period of earnings from employment or self-em-

ployment, as defined or recognized as a period of coverage under the laws of the United States, or any similar period insofar as it is recognized by such laws as equivalent to a period of coverage, and

as regards the United Kingdom, it means an insurance period;

6. "Benefit" means,

any benefit, pension or allowance provided for in the laws of either Party, including any increase of, or any additional amount payable with a benefit, pension or allowance;

7. As regards the United Kingdom:

(*a*) "insurance period" means,

a contribution period or an equivalent period:

(*b*) "contribution period" means,

a period in respect of which contributions appropriate to the benefit in question are payable, have been paid or treated as paid;

(*c*) "equivalent period" means,

a period for which contributions appropriate to the benefit in question have been credited;

(*d*) "survivor's benefit" means,

widow's allowance, widowed mother's allowance and widow's pension;

(*e*) "child's survivor benefit" means,

guardian's allowance and child's special allowance;

(*f*) "laws on coverage" means,

the laws and regulations relating to the imposition of liability for the payment of social security contributions.

ARTICLE 2

1. For the purpose of this Agreement, the applicable laws are:

(*a*) As regards the United States, the laws governing the Federal Old-Age, Survivors and Disability Insurance Program:

(i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A and 228 of that title and regulations pertaining to those sections; and

(ii) Chapter 2 and Chapter 21 of the Internal Revenue Code of 1954 and regulations pertaining to those chapters;

(*b*) As regards the United Kingdom,

(i) the Social Security Acts 1975 to 1982 and the Social Security (Northern Ireland) Acts 1975 to 1982;

(ii) the Social Security Acts 1975 to 1982 (Acts of Parliament) as applied to the Isle of Man by Orders made under the provisions of the Social Security Act 1982 (an Act of Tynwald);

(iii) the Social Security (Jersey) Law 1974;

(iv) the Social Insurance (Guernsey) Law 1978;

and the laws which were consolidated by those Acts, Laws or Orders or repealed by legislation consolidated by them.

2. The Agreement shall apply also to any law which supersedes, replaces, amends, supplements or consolidates the laws specified in paragraph 1 of this Article.

3. Unless the Parties agree otherwise, as regards the United Kingdom, this Agreement:

(*a*) shall apply only to benefits described in the laws specified in paragraph 1(*b*) of this Article at the date of entry into force of this Agreement and for which specific provision is made in this Agreement; and

(*b*) shall not apply to any laws which relate to a branch of Social Security not covered by the laws specified in paragraph 1(*b*) of this Article unless the two Parties make an agreement to that effect.

4. This Agreement shall not apply to Regulations on Social Security of the institutions of the European Communities or to any convention or other international agreement on social security which either Party has concluded with a third party or to any laws or regulations which amend the laws specified in paragraph 1 of this Article for the purpose of giving effect to such a convention or agreement but shall not prevent either Party from taking into account under its laws the provisions of any other convention or agreement which that Party has concluded with a Third Party.

ARTICLE 3

A person who is or has been subject to the laws of one Party and who resides within the territory of the other Party shall, together with his dependents, receive equal treatment with nationals of the other Party in the application of the laws of the other Party regarding the payment of benefits.

PART II

Provisions on Coverage

ARTICLE 4

1. Except as otherwise provided in this Part, a person employed within the territory of one of the Parties shall, with respect to that employment, be subject to the laws on coverage of only that Party. Where a person is subject only to the laws on coverage of the United Kingdom in accordance with this paragraph, those laws shall apply to him as if he were ordinarily resident in the territory of the United Kingdom.

2. Where a person who is covered under the laws on coverage of one Party and is employed by an employer in the territory of that Party is sent by that employer to work in the territory of the other Party, the person shall by subject only to the laws on coverage of the former Party, as if he were employed in the territory of the former Party, provided that the period of work in the territory of the latter Party is not expected to exceed 5 years, or such longer period as may be agreed upon by the Competent Authorities in a particular case. This paragraph does not apply to employment as an officer or member of a crew on a ship or aircraft.

3. A person who would otherwise be covered under the laws on coverage of both Parties with respect to self-employment performed in the territory of either Party shall be subject only to the laws on coverage of the Party in whose territory he ordinarily resides.

4. Where a person is employed under the laws on coverage of one Party and self-employed under the laws on coverage of the other

Party for the same activity, he shall be subject only to the laws on coverage of the Party in whose territory he ordinarily resides.

5. A person who would otherwise be covered under the laws on coverage of both Parties with respect to employment as an officer or member of a crew on a ship or aircraft shall, in respect of that employment, be subject only to the laws on coverage of the United Kingdom if he ordinarily resides in the territory of the United Kingdom, and only to United States laws on coverage if he ordinarily resides in the territory of the United States.

6. A person who ordinarily resides in the territory of the United Kingdom and who is not employed or self-employed shall be subject to the laws on coverage of only the United Kingdom with respect to Social Security contributions.

ARTICLE 5

1. This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

2. Notwithstanding Article 4, nationals of one of the Parties who are employed by the National Government of that Party in the territory of the other Party and to whom the provisions mentioned in paragraph 1 of this Article do not apply, shall be subject to the laws on coverage of only the first Party, as if they were employed in the territory of that Party. For the purposes of the United States, employment by the National Government shall include employment by an instrumentality of the United States Government.

ARTICLE 6

The Competent Authorities of the two parties may grant an exception to the provisions in this Part, in respect of particular persons or categories of persons, provided that the affected persons will be subject to the laws on coverage of one of the Parties.

PART III

Benefit Provisions

ARTICLE 7

1. Except as otherwise provided in this Agreement, any provision of United States laws which restricts entitlement to or payment of cash benefits for persons who are not nationals of the United States solely because such persons reside outside or are absent from the territory of the United States shall not be applicable to persons who reside in the territory of the United Kingdom.

2. Subject to the provisions of paragraph 3 of this Article, a person who would be entitled to receive an old age pension, a retirement pension or a survivor's benefit under the laws of the United Kingdom if he were in the United Kingdom shall be entitled to receive that pension or benefit while he ordinarily resides in the territory of the United States, as if he were in the United Kingdom.

3. A person who is entitled to receive an old age pension, a retirement pension or a survivor's benefit under the laws of the United Kingdom and who would be entitled to receive an increase

in the rate of that pension or benefit if he were in the United Kingdom shall, after the date of entry into force of Part III of this Agreement, be entitled to receive any such increase prescribed after that date by those laws if he ordinarily resides in the territory of the United States; but nothing in this paragraph shall confer entitlement to receive any such increases prescribed before that date by those laws.

4. Where under the laws of the United Kingdom, an increase of any of the benefits for which provision is made in this Agreement would be payable for a dependant if the dependant were in the United Kingdom, it shall be payable while the dependant is in the territory of the United States.

CHAPTER A

Provisions Applicable to the United States

ARTICLE 8

1. Where a person has completed at least six quarters of coverage under United States laws, but does not have sufficient periods of coverage already credited under United States laws for the purpose of establishing entitlement to benefits under this Article.

2. In determining eligibility for benefits under paragraph 1, the Agency of the United States shall credit:

(*a*) one quarter of coverage for every thirteen contributions or fraction thereof paid or credited in any contribution year before April 6, 1975 under the laws specified in Article 2.1(*b*)(i) and (ii); and

(*b*) one quarter of coverage for every thirteen contributions calculated in accordance with Article 9.5, or fraction thereof, paid or credited in any United Kingdom tax year beginning after April 5, 1975 under the laws specified in Article 2.1(*b*)(i) and (ii); and

(*c*) one quarter of coverage for each annual contribution factor of 0.25 or any part thereof which has been derived under the laws specified in Article 2.1(*b*)(iii; and

(*d*) one quarter of coverage for every thirteen contributions or fraction thereof paid or credited in any contribution year under the laws specified in Article 2.1(*b*)(iv);

provided, however, that periods of coverage credited under United States laws shall not exceed four quarters of coverage in any calendar year.

3. Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1, the Agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States laws based on the duration of a worker's periods of coverage completed under United States laws. Benefits payable under United States laws shall be based on the pro rata Primary Insurance Amount.

4. Entitlement to a benefit from the United States which results from paragraph 1 shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provisions of paragraph 1.

CHAPTER B

Provisions Applicable to the United Kingdom

ARTICLE 9

1. For the purpose of calculating entitlement to a retirement pension or a survivor's benefit under the laws specified in Article 2.1(*b*)(i) and (ii) of this Agreement, for each quarter of coverage credited to a person under the laws of the United States before 6 April 1975 the person shall be treated as having paid thirteen contributions under the laws specified in Article 2.1(*b*)(i) and (ii).

2. For the purpose of calculating entitlement to a basic retirement pension or a basic survivor's benefit provided under the laws specified in Article 2.1(*b*)(i) and (ii) of this Agreement, for each quarter of coverage credited under the laws of the United States after 5 April 1975 a person shall be treated as having paid thirteen contributions on earnings equivalent to the lower earnings level under the laws specified in Article 2.1(*b*)(i) and (ii).

3. For the purpose of calculating the appropriate contribution factor to establish entitlement to old age pension or survivor's benefit under the laws specified in Article 2.1(*b*)(iii) of this Agreement, a person shall be treated for each quarter of coverage credited under the laws of the United States as having paid contributions which derive an annual contribution factor of 0.25.

4. For the purpose of calculating entitlement to old age pension or survivor's benefit under the laws specified in Article 2.1(*b*)(iv) of this Agreement, each quarter of coverage credited under the laws of the United States shall be treated as if it had been a contribution period of thirteen weeks completed as an employed or self-employed person under the laws specified in Article 2.1(*b*)(iv).

5. For the purpose of converting into periods of coverage any earnings-factor achieved in any tax year commencing on or after 6 April 1975 under the laws specified in Article 2.1(*b*)(i) and (ii) of this Agreement, the Competent Authority of the United Kingdom shall divide the earnings-factor by that tax year's lower earnings limit. The result shall be expressed as a whole number, any remaining fraction being ignored. The figure so calculated shall be treated as representing the number of weeks in the insurance period completed in that tax year under those laws.

ARTICLE 10

1. Subject to the provisions of paragraph 2 of this Article, where a person is entitled to an old age pension or a basic retirement pension, as the case may be, under the laws of the United Kingdom, otherwise than by virtue of the provisions of this Agreement, that pension shall be payable and the provisions of Article 11, except for Article 11.3, of this Agreement shall not apply under these laws.

2. For the purpose of paragraph 1 of this Article, a lower-rate Category B retirement pension payable to a married woman by virtue of the contributions of her husband shall be treated as if it were not a retirement pension and the words "old age pension or a retirement pension" should be construed as referring only to a contributory pension.

ARTICLE 11

1. The provisions of this Article shall apply for the purpose of determining entitlement to old age pension, or basic retirement pension, as the case may be, under the laws of the United Kindgom or under the laws of any one part of the territory of the United Kingdom, under which there is no entitlement in respect of a person in accordance with the provisions of Article 10 of this Agreement.

2. In accordance with Article 9 of this Agreement, the relevant Agency of the United Kingdom shall determine:

(*a*) the amount of the theoretical pension which would be payable if all the periods of coverage completed by that person under the laws of both Parties had been completed under its own laws;

(*b*) the proportion of that theoretical pension which bears the same relation to the whole as the total of the periods of coverage completed by him under its laws bears to the total of all the periods of coverage which he has completed under the laws of both Parties.

The proportionate amount thus calculated shall be the pension actually payable to the person by the Agency of the United Kingdom.

3. Where a person's periods of coverage completed under the Laws of Jersey total less than an annual contribution factor of 1.00; or, under the Laws of Guernsey total less than 50 weeks; or, in all other cases, total less than one qualifying year (or total less than 50 weeks if the periods all were before 6 April 1975), then:

(*a*) these periods shall be aggregated as if they had all been completed under the laws of any part of the territory of the United Kingdom under which a pension is payable or would be payable if the periods were aggregated; and

(*b*) where two such pensions are or would be payable, the periods shall be aggregated under the laws of that part of the territory of the United Kindgom under which the pension is first payable or, if they are both first payable on the same date, under the laws of that part which pays the greater amount on that date.

4. For the purpose of applying the provisions of paragraph 2 of this Article, the Agency of the United Kingdom shall take account only of periods of coverage, completed under the laws of either Party, which would be taken into account for the determination of pensions under its laws if they were completed under its laws and, in relation to a woman, shall, where appropriate, take into account in accordance with those laws periods of coverage completed by her husband.

5. Where a period of coverage credited to a person under the laws of the United States after 5 April 1975 falls within a relevant United Kingdom tax year which is not a qualifying year, those periods of coverage may be reallocated to any other tax year commencing on or after 6 April 1975 if this would be to the advantage of that person.

6. The provisions of paragraph 2 of this article shall not apply to any graduated pension payable under the laws of the United Kingdom, or to any increase of pension payable in respect of deferred retirement, or to any increase of benefit payable in respect of a de-

pendent child, but any such pension or increase, or increases, shall be added to the amount of pension which has been calculated and has become payable in accordance with paragraph 2.

7. Where a period of coverage completed under the laws of the United Kingdom overlaps with a period of coverage credited under the laws of the United States, the United Kingdom shall take account only of the period of coverage completed under its laws.

ARTICLE 12

The provisions of Articles 10 and 11 of this Agreement shall apply also in a claim for basis survivor's benefit under the laws of the United Kingdom, with such modifications as the differing nature of the benefits may require.

ARTICLE 13

Where a person in the United Kingdom is entitled to a child's survivor benefit in respect of a child in the United Kingdom, that benefit shall not cease to be payable solely because that person and, or, the child is in the territory of the United States.

ARTICLE 14

1. The provisions of paragraphs 2 to 5 of this Article shall apply to claims for invalidity benefit under the laws of the United Kingdom other than under the laws of Jersey.

2. Subject to the provisions of paragraph 4 of this Article, a person in the territory of the United State, other than a person who is entitled to disability insurance benefits under the laws of the United States solely by virtue of his United States coverage, shall be entitled to receive invalidity benefit under the laws of the United Kingdom as if he had received sickness benefit for 168 days under those laws, provided that:

(*a*) he has been credited with at least four quarters of coverage under the laws of the United States during the two years preceding the onset of his incapacity and he has been credited with a period of coverage under those laws since his last arrival in the territory of the United States; and

(*b*) he has completed a period of coverage in any one tax year under the laws of the United Kingdom which amounts to at least fifty times the lower earnings level for that year and, at the date on which he last left the United Kingdom, he satisfied the minimum contribution conditions applicable to sickness benefit under the laws of the United Kingdom, or, in a case where the claim for benefit is made under the laws of Guernsey, he has completed a period, or periods, of coverage which amount to at least fifty weeks under the laws of Guernsey and, at the date on which he left Guernsey, he satisfied the minimum contribution conditions applicable to sickness benefit under those laws; and

(*c*) at the date on which his incapacity commenced he had not been absent from the territory of the United Kingdom for a period of five years from the end of the United Kingdom tax year in which he last completed a compulsory period of coverage under the laws of the United Kingdom; and

(*d*) he is incapacitated for work and has been so incapacitated for a continuous period of 168 days, excluding Sundays.

The rate of invalidity benefit payable by virtue of this paragraph shall be ascertained in accordance with the provisions of paragraph 3 of this Article.

3. Taking account of sub-paragraphs (*a*) and (*b*) of this paragraph, the relevant Agency of the United Kingdom shall ascertain the proportion of the standard rate of invalidity benefit provided under the laws of the United Kingdom in the same ratio as the total of the periods of coverage completed under its laws bears to the total periods of coverage completed under the laws of both Parties. For the purpose of this paragraph, "standard rate of invalidity benefit" means the standard rate of benefit including any age allowance and any additional amount or amounts payable in respect of a dependent or dependants, but does not include the amount of any additional component or graduated pension which shall be payable, where appropriate, in addition to any invalidity benefit calculated in accordance with this paragraph:

(*a*) the provisions of paragraphs 4, 5, 6 and 7 of Article 11 and the provisions of Article 9 of this Agreement shall apply to periods of coverage credited under the laws of the United States as if the references in those Articles to an old age pension, a retirement pension or a pension were references to invalidity benefit;

(*b*) for the purposes of calculating the proportion of benefit referred to above, no account shall be taken of any period of coverage completed after the day on which his incapacity commenced.

The amount of benefit calculated in accordance with the above provisions of this paragraph shall be the amount of invalidity benefit actually payable to that person.

4. Invalidity benefit under the laws of the United Kingdom shall not be payable to a person in the territory of the United States by more than one part of the territory of the United Kingdom for the same period. Where such benefit would otherwise be payable by more than one such part, that benefit shall be payable only under the laws of the territory under which that person last completed a period of coverage, or, where two such periods have been completed simultaneously, under the laws of the territory in which he is, or last was, resident.

5. Subject to the provisions of paragraph 11 of this Article, invalidity benefit shall not be payable under the laws of the United Kingdom to a person in the United Kingdom if he is entitled to receive disability insurance benefits under the laws of the United States solely by virtue of his coverage under those laws.

6. The provisions of paragraphs 7 to 9 of this Article shall apply to claims for sickness benefit or invalidity benefit, as the case may be, under the laws of Jersey.

7. Subject to the provisions of paragraph 4 of this Article, a person in the territory of the United States, other than a person who is entitled to disability insurance benefits under the laws of the United States solely by virtue of his United States coverage, shall be deemed to have received sickness benefit for 168 days

under the laws of Jersey and shall be entitled to receive sickness benefit for a further 144 days provided that:

(*a*) he as been credited with at least four quarters of coverage under the laws of the United States during the two years preceding the onset of his incapacity and he has been credited with a period of coverage under those laws since his last arrival in the territory of the United States; and

(*b*) he has completed a period of coverage under the laws of Jersey which amounts to at least an annual contribution factor of 1.00 and, at the date on which he last left Jersey he satisfied the minimum contribution conditions applicable to sickness benefit under the laws of Jersey; and

(*c*) at the date on which his incapacity commenced he had not been absent from Jersey for a period of five years from the end of the quarter in which he last was liable to complete a period of coverage under the laws of Jersey; and

(*d*) he is incapacitated for work and has been so incapacitated for a continuous period of 168 days, excluding Sundays.

The rate of sickness benefit payable by virtue of this paragraph shall be ascertained in accordance with the provisions of paragraph 8 of this Article.

8. Taking account of sub-paragraphs (*a*) and (*b*) of this paragraph, the Agency of Jersey shall ascertain the proportion of the standard rate of sickness benefit provided under the laws of Jersey in the same ratio as the total of the periods of coverage completed under its laws bears to the total of the periods of coverage completed under both its laws and the laws of the United States. For the purpose of this paragraph, "standard rate of sickness benefit" means the standard rate of benefit including any additional amount payable therewith in respect of a dependant:

(*a*) the provisions of paragraphs 4 and 7 of Article 11 and the provisions of Article 9 of this Agreement shall apply to periods of coverage credited under the laws of the United States as if the references in those Articles to an old age pension, a retirement pension or a pension were references to sickness benefit;

(*b*) for the purpose of calculating the proportion of benefit referred to above, no account shall be taken of any period of coverage completed after the day on which his incapacity commenced.

The amount of benefit calculated in accordance with the above provisions of this paragraph shall be the amount of sickness benefit actually payable to that person.

9. A person entitled to sickness benefit under the laws of Jersey by virtue of the provisions of paragraphs 7 and 8 of this Article, shall, if still incapacitated for work after he has received sickness benefit for 144 days, be deemed to have received sickness benefit for 312 days under the laws of Jersey and shall be entitled to receive invalidity benefit under those laws while he is in the territory of the United States, provided that he remains incapacitated for work. The rate of invalidity benefit payable by virtue of this paragraph shall be ascertained by applying the provisions of paragraph 8 of this Article as if the references therein to sickness benefit were references to invalidity benefit.

10. Subject to the provisions of paragraph 11 of this Article, a person in the territory of Jersey shall not be entitled to receive invalidity benefit or sickness benefit under the laws of Jersey if he is entitled to receive disability insurance benefits under the laws of the United States solely by virtue of his coverage under those laws.

11. A person in the territory of the United Kingdom shall be entitled to receive invalidity benefit under its laws, or sickness benefit under the laws of Jersey, without regard to paragraph 5 or paragraph 10 of this Article provided that he satisfies the conditions applicable to that benefit under those laws and he was resident in the territory of the United Kingdom for a period of five years prior to the onset of the incapacity which gives rise to the invalidity benefit entitlement, or, as the case may be, sickness benefit entitlement.

12. Notwithstanding any other provision of this Article, a person in the territory of the United States who is subject to the laws on coverage of the United Kingdom by virtue of any of the Articles 4 to 6 of this Agreement and who satisfies the contribution conditions applicable to sickness benefit under those laws shall, for the purpose of determining his entitlement to invalidity benefit under those laws:

(*a*) be treated as if he were in the territory of the United Kingdom; and

(*b*) each day of incapacity for work while in the territory of the United States may, where appropriate, be treated as if it were a day for which he had received sickness benefit under the laws of the United Kingdom.

13. Any restriction which would otherwise be applicable under the laws of the United Kingdom in the rate of benefit payable to persons who are not ordinarily resident in the territory of the United Kingdom shall not apply to persons in the territory of the United States who are in receipt of invalidity benefit under the laws of the United Kingdom by virtue of the provisions of this Agreement.

PART IV

Miscellaneous Provisions

ARTICLE 15

The Competent Authorities of the two Parties shall:

(*a*) Make such administrative arrangements as may be necessary for the application of this Agreement;

(*b*) Designate liaison agencies for the implementation of this Agreement;

(*c*) Communicate to each other information concerning the measures taken by them for the application of this Agreement; and

(*d*) Communicate to each other, as soon as possible, all information concerning changes in their respective laws insofar as these changes affect the application of this Agreement.

ARTICLE 16

The Competent Authorities and Agencies of the Parties, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge subject to any exceptions to be agreed upon in an administrative agreement.

ARTICLE 17

1. Where the laws of one Party provide that any certificate or other document which is submitted under the laws of that Party shall be exempt, wholly or partly, from taxes, fees or charges, including consular and administrative fees, the exemption shall also apply to any certificate or document which is submitted under the laws of the other Party or under the provisions of this Agreement.

2. Copies of documents which are certified as true and exact copies by the Agency of one Party shall be accepted as true and exact copies by the Agency of the other Party, without further certification. The Agency of each Party shall be the final judge of the probative value of the evidence submitted to it from whatever source.

ARTICLE 18

1. A written application for benefits filed with an Agency of one Party shall protect the rights of the claimants under the laws of the other Party if the applicant (*a*) requests that it be considered an application under the laws of the other Party, or (*b*) in the absence of a request that it not be so considered, provides information at the time of application indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Party.

2. An applicant may request that an application filed with an Agency of one Party be effective on a different date under the laws of the other Party within the limitations of and in conformity with the laws of the other Party.

3. For the purposes of United States laws, the provisions of Part III of this Agreement shall apply only to an application for benefits which is filed on or after the date on which Part III enters into force.

ARTICLE 19

1. A written appeal to, or against, a determination made by the Agency of one Party may be validly filed with an Agency of the other Party. The appeal shall be dealt with according to the appeal procedure of the laws of the Party which has jurisdiction.

2. Any claim, notice or written appeal which, under the laws of one Party, must have been filed within a prescribed period with the Agency of that Party, but which is instead filed within the same period with the Agency of the other Party, shall be considered to have been filed on time.

ARTICLE 20

In any case to which the provisions of Article 18 or Article 19 apply, the Agency to which the claim, notice or written appeal has been submitted shall transmit it without delay to the Agency of the other Party.

ARTICLE 21

1. Disagreements between the two Parties regarding the interpretation or application of this Agreement shall, as far as possible, be resolved through agreement of the Competent Authorities.

2. If a disagreement cannot be resolved by the Competent Authorities, it shall be submitted, at the request of either Party, for arbitration in accordance with procedures to be agreed upon by the Competent Authorities.

ARTICLE 22

This Agreement may be amended in the future by supplementary agreements which, from their entry into force, shall be considered an integral part of this Agreement.

PART V

Transitional and Final Provisions

ARTICLE 23

Upon the entry into force of Part III of this Agreement, the Notes exchanged between the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom and the Ambassador of the United States of America on 23 and 25 September 1969 shall cease to have effect and shall be replaced by this Agreement; provided, however, that any right to benefit outside the territory of the United Kingdom acquired by a person in accordance with the provisions of the Notes exchanged shall be maintained; and provided that no person shall suffer any loss of rights outside the territory of the United Kingdom which he had under the Notes exchanged or any such rights he would have had if those Notes exchanged had not been replaced by this Agreement.

ARTICLE 24

1. In the application of Part III of this Agreement, consideration shall be given to periods of coverage and other events which occurred prior to the entry into force of Part III, insofar as they are relevant to rights under the laws specified in Article 2.1. However, neither Party shall take into account periods of coverage occurring prior to the earliest date for which periods of coverage may be taken into account under its laws.

2. No provision of this Agreement shall confer any right:

(*a*) to receive a benefit for any period before the date of entry into force of Part III of the Agreement, or

(*b*) to receive a lump-sum death benefit under the laws of the United States if the person died before the date of entry into force of Part III of the Agreement.

3. Determinations made before the entry into force of Part III of this Agreement concerning entitlement to benefits shall not affect rights arising under Part III.

4. The period of work referred to in Article 4.2 shall be measured beginning on the date on which Part II of this Agreement enters into force.

5. Notwithstanding the provisions of Article 27 concerning the effective date of Part III of this Agreement, Article 7.1 shall enter into force on the date on which Parts I, II, IV and V of this Agreement enter into force.

ARTICLE 25

The application of this Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to its entry into force.

ARTICLE 26

1. This Agreement shall remain in force and effect until the expiration of one calendar year following the year in which written notice of its denunciation is given by one Party to the other Party.

2. If this Agreement is terminated by denunciation, rights regarding entitlement to or payment of benefits acquired under it shall be retained; the Parties shall make arrangements dealing with rights in the process of being acquired.

ARTICLE 27

1. This Agreement, except for Part III, shall enter into force on the first day of the second month following the month in which each Government has received from the other Government written notification that all statutory and constitutional requirements have been complied with for the entry into force of this Agreement.

2. Part III of this Agreement shall enter into force on the first day of the thirty-sixth month following the month in which Parts I, II, IV and V of this Agreement enter into force.

In witness whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at London this 13th day of February 1984.

For the Government of the United States of America:

CHARLES H. PRICE II.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

——— ———.

ADMINISTRATIVE AGREEMENT FOR THE IMPLEMENTATION OF THE AGREEMENT ON SOCIAL SECURITY BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND OF 13 FEBRUARY 1984

The Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland.

In accordance with the provision of Article 15 of the Agreement on Social Security between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland of 13 February 1984, hereinafter referred to as the "Agreement", have agreed as follows:

CHAPTER A

General Provisions

ARTICLE 1

Terms used in this Administrative Agreement shall have the same meaning as in the Agreement.

ARTICLE 2

1. The liaison agencies referred to in Article 15 of the Agreement shall be:

(*a*) for the United States, the Social Security Administration,

(*b*) for the United Kingdom,

(i) In Great Britain, the Department of Health and Social Security, Overseas Branch, Newcastle upon Tyne NE98 1YX;

(ii) in Northern Ireland, the Department of Health and Social Services, Overseas Branch, Castle Buildings, Stormont, Belfast, Northern Ireland BT4 3HH;

(iii) in the Isle of Man, the Isle of Man Board of Social Security, Hill Street, Douglas, Isle of Man;

(iv) in Jersey, the States of Jersey Social Security Department, Philip Le Feuvre House, La Motte Street, St. Helier, Jersey, Channel Islands;

(v) Guernsey, the States Insurance Authority, Bordage House, 7–9 The Bordage, St. Peter Port, Guernsey, Channel Islands.

2. The liaison agencies designated in paragraph 1 shall agree upon joint procedures and forms necessary for the implementation of the Agreement and this Administrative Agreement.

CHAPTER B

Provisions on Coverage

ARTICLE 3

1. Where the laws of a Party are applicable in accordance with Articles 4, 5 or 6 of the Agreement, the Agency of that Party, upon request of the employer, employee or self-employed person, shall issue a certificate stating that the concerned employee or self-employed person is covered by those laws. The certificate shall be proof that the employee or self-employed person is exempt from the laws on compulsory coverage of the other Party. The liaison agencies of the Parties shall co-operate and assist one another as appropriate in ensuring that persons are covered under the laws of one or the other Party.

2. The certificate referred to in paragraph 1 shall be issued by the appropriate liaison agency of either Party.

CHAPTER C

Provisions on Benefits

ARTICLE 4

1. The liaison agency of the Party with which an application for benefits is first filed in accordance with Article 18 of the Agreement shall inform the liaison agency of the other Party of this fact without delay, using forms established for this purpose. It shall also transmit documents and such other available information as may be necessary for the Agency of the other Party to establish the right of the applicant to benefits according to the provisions of Part III of the Agreement. In the case of an application for disability benefits it shall, in particular, transmit all relevant medical evidence in its possession concerning the disability of the applicant.

2. The liaison agency of a Party which receives an application filed with an Agency of the other Party shall without delay provide the liaison agency of the other Party with such evidence and other available information as may be required to complete action on the claim.

3. The Agency of the Party with which an application for benefits has been filed shall verify the accuracy of the information pertaining to the applicant and his family members. The types of information to be verified shall be agreed upon by the liaison agencies.

ARTICLE 5

In the application of Article 8 of the Agreement, the liaison agency of the United Kingdom shall notify the United States liaison agency of the weeks or years in which a person is credited with periods of coverage under the laws of the United Kingdom, along with such other information as may be necessary to determine the amount of the person's benefit.

ARTICLE 6

In the application of Article 9 of the Agreement, the United States liaison agency shall notify the appropriate liaison agency of the United Kingdom of the periods of coverage completed under United States laws, along with such other information as may be necessary to determine the amount of the person's benefit.

CHAPTER D

Miscellaneous Provisions

ARTICLE 7

In accordance with the measures to be agreed upon pursuant to Article 2 of this Administrative Agreement, the Agency of one Party shall, upon request of the Agency of the other Party, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.

ARTICLE 8

The liaison agencies of the two Parties shall assist each other as far as possible in the compilation and exchange of statistics on the administration of the Agreement.

ARTICLE 9

1. Where the Agency of a Party requires that a claimant or beneficiary submit to a medical examination, such examination, if requested by that Agency, shall be arranged by the Agency of the other Party in whose territory the claimant or beneficiary is present, in accordance with the rules of the Agency making the arrangements and at the expense of the Agency which requests the examination.

2. Upon request, the agency of either Party shall furnish without expense to the Agency of the other Party any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

3. Amounts owed under Article 16 of the Agreement and paragraph 1 of this Article shall be reimbursed upon presentation of a statement of expenses.

ARTICLE 10

Unless authorized by the national statutes of the United States or the national legislation of the United Kingdom, as the case may be, information about an individual which is transmitted in accordance with the Agreement to one Party by the other Party shall be used exclusively for purposes of implementing the Agreement. Such information received by a Party shall be governed, as the case may be, by the national statutes of the United States, or the national legislation of the United Kingdom, for the protection of privacy and confidentiality of personal data.

ARTICLE 11

This Administrative Agreement shall enter into force on the date of entry into force of the Agreement and shall have the same period of validity.

Done in duplicate at London this 13th day of February 1984

For the Government of the United States of America:

CHARLES H. PRICE II.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

———— ————.

REPORT TO CONGRESS TO ACCOMPANY THE SOCIAL SECURITY AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM

I. Introduction

The Social Security Agreement between the United States and the United Kingdom is intended to provide limited coordination of the old-age, survivors, and disability insurance (OASDI) programs of the two countries. The agreement is similar in content and objec-

tive to agreements now in force between the United States and Italy, West Germany and Switzerland, and pending agreements with Belgium, Norway and Canada.

The U.S.-U.K. agreement consists of two separate instruments: (1) a principal agreement setting forth the basic rules for coordinating the two countries' social security systems; and (2) an administrative agreement establishing operating procedures to implement the principal agreement. Tnese two documents were signed by representatives of the U.S. and U.K. Governments on February 13, 1984, and are now being submitted to Congress for review in accordance with section 233(e) of the Social Security Act.

The U.S.-U.K. agreement would eliminate dual coverage, the situation that now exists when a person from one country works in the other country and is covered under and required to pay contributions to the social security systems of both countries for the same work. In addition, the agreement would eliminate situations where workers suffer a loss of benefit rights merely because they have divided their careers between the two countries.

Accompanying this report are paragraph-by-paragraph explanations of the principal agreement (Annex A), and related administrative agreement (Annex B). The report required by section 233(e)(1) of the Social Security Act on the effect of the agreement on income and expenditures of the U.S. Social Security program and the number of individuals affected by the agreement is also included (Annex C).

II. Statutory Requirements

Section 233(c)(1) of the Social Security Act requires that international agreements concluded pursuant to that section provide for the elimination of dual coverage of the same work under the social security systems of the United States and the other country which is a party to the agreement, and for combining credits earned by a worker under the two systems for benefit eligibility purposes. In addition, the law stipulates that when eligibility for U.S. Social Security benefits is established on the basis of combined credits, the amount of the benefit payable must be based on the proportion of the worker's periods of coverage completed under title II of the Social Security Act. The U.S.-U.K. agreement includes these required provisions.

III. Coverage Provisions

In conformity with section 233(c)(1) of the Social Security Act, Part II of the principal agreement sets forth rules designed to eliminate dual coverage and taxation of the same work under the U.S. and U.K social security systems.

A. RULES GOVERNING EMPLOYEES

The rules which apply to employed persons provide that dual coverage under the laws of the United States and the United Kingdom would be eliminated generally by maintaining an employee's coverage under the system of the country where the work is per-

formed and exempting him from compulsory coverage under the system of the other country.

Special rules would apply, however, for employees who are temporarily transferred by their employers in one country to work in the other country for a period of 5 years or less. In these cases, an employee who was covered in one country before his transfer would continue to be covered under that country's system and would be exempt from coverage in the other country. Thus a U.S. citizen or resident who is temporarily transferred by his company to the United Kingdom would only be covered under and pay contributions to the U.S. program, and he and his employer would be relieved of the additional burden of paying social security contributions to the U.K. program.

Other rules set forth in this Part would apply to persons employed by the Governments of the two countries and to persons employed in international air or ship transportation.

B. RULES GOVERNING SELF-EMPLOYED PERSONS

Part II also contains rules applicable to persons whose earnings from self-employment would be subject to compulsory coverage under the laws of both countries. Under these rules, a self-employed U.K. resident whose earnings would otherwise be dually covered will be covered only under the laws of the United Kingdom. A dually covered U.S. resident would be covered only under U.S. laws.

IV. Benefit Provisions

Part III of the principal agreement establishes the basic rules for determing entitlement to and the amount of U.S. and U.K. benefits for persons who have worked in both countries. These benefit provisions are included pursuant to section 233(c)(1) of the Social Security Act.

A. PROVISIONS APPLICABLE TO THE UNITED STATES

1. Totalization

Under the rules which apply to the United States, if a worker has at least 6 quarters of coverage under the U.S. Social Security program, but not enough to qualify for a U.S. benefit, the worker's coverage credits from both countries could be totalized (i.e., combined) to permit him to qualify for a partial U.S. benefit. The benefit amount of a person who qualifies based on totalized credits would be proportional to the amount of coverage completed in the United States.

2. New computation method

Article 8 of Part III, which describes the methods of determining U.S. totalization benefit amounts, is broad enough to encompass any benefit computation method provided for in regulations promulgated in conformance with section 233 of the Social Security Act. The regulation under which the first three U.S. Social Security agreements have been implemented provides that when entitlement is established based on totalized credits, the amount of the

benefit is determined by combining earnings records from both countries to compute the theoretical U.S. benefit, which is then pro-rated to establish a partial benefit based on the ratio of periods of coverage completed in the United States to the total periods completed in both countries.

Experience in implementing these earlier agreements has shown that using foreign earnings information to compute U.S. benefit amounts is cumbersome for both the United States and the other country. The time required to secure foreign earnings records can exceed a year in some cases, which causes long delays in adjudicating U.S. totalization claims.

To avoid the problems created by using foreign earnings data, the Social Security Administration (SSA) has developed a new method of computing U.S. totalization benefits within the parameters of section 233. Under the new method, totalization benefit amount will be computed based on periods of coverage and earnings credited exclusively under U.S. law. SSA intends to apply this new computation method under the U.S.-U.K. agreement and other pending agreements rather than the method employed under the agreements now in force. A Notice of Proposed Rulemaking to revise the existing regulation on totalization benefit computations was published in the Federal Register on December 1, 1983 (Vol. 48 No. 232). The final regulation is expected to take effect well before the U.S.-U.K. agreement enters into force.

The new method will shorten processing time and expedite the payment of totalization benefits. Under this method, the United States will compute the theoretical benefit on the basis of a worker's earnings level during the period he was actually covered under U.S. Social Security. The theoretical benefit would then be prorated to reflect the proportion of a coverage lifetime actually completed under the U.S. program. A coverage lifetime is defined in the regulations as the number of the worker's benefit computation years, i.e., the years which must be used in determining a worker's average earnings under the regular U.S. national computation method.

3. Converting periods of coverage

Part III of the agreement also establishes procedures to be followed in coverting periods of coverage under the U.K. system into equivalent periods under the U.S. system. Periods of coverage under the U.S. Social Security program are measured in terms of calendar quarters, while U.K. periods of coverage are generally measured in weeks. Under the agreed upon procedures, the U.K. agency would certify to the Social Security Administration the weeks in which a worker has coverage under the U.K. system. SSA would credit one quarter of coverage for every 13 weeks certified by the U.K. agency to the extent the U.K. coverage does not coincide with quarters of coverage credited under the U.S. system.

B. PROVISIONS APPLICABLE TO THE UNITED KINGDOM

The United Kingdom provides old-age, survivors and disability protection through a two-tier social security benefit program. The first-tier benefit, called the basic pension, is financed by employer

and worker contributions and is payable to workers who meet the applicable eligibility standards, including a minimum coverage requirement. Benefit amounts are not related to the worker's earnings level, but are based on a maximum flat-rate amount which is prorated according to the number of years the person worked under the U.K. system. Under the agreement, the United Kingdom will combine U.S. coverage with periods of U.K. coverage so that persons who do not otherwise meet the minimum coverage requirements may become eligible for a partial basic pension.

The second-tier benefit, or additional pension, is both contributory and earnings-related. The amount of the additional pension depends on the length of a worker's employment as well as the level of his earnings. An additional pension may be paid based on as little as 1 year coverage. Because of this immediate vesting, no provision has been made in the agreement for totalizing U.K. and U.S. periods of coverage for purposes of establishing entitlement to an additional pension.

C. STAGED IMPLEMENTATION

Unlike previous U.S. agreements, the proposed agreement with the United Kingdom provides for staged implementation of the dual coverage and totalization benefit provisions, with the latter to take effect 36 months after the agreement enters into force. This would mean, for example, that if the agreement were to become effective in October 1984, the provisions to eliminate dual coverage would take effect at that time, but the provisions for payment of totalization benefits would not be implemented until October 1987.

The provision for delayed implementation of the benefit provisions was included at the request of the United Kingdom in order to lessen the immediate budgetary impact of the agreement. Without this provision it is likely that implementation of the entire agreement, including the provisions to eliminate dual social security coverage, would have been delayed for a considerable period of time. In addition to permitting immediate implementation of the coverage provisions, staged implementation will facilitate administration both sides by providing adequate lead time to prepare for what is expected to be a substantial benefit claims workload under the agreement.

D BENEFIT PORTABILITY

Section 233(c)(2) of the Social Security Act permits agreements to contain provisions suspending the application of the alien nonpayment provisions of the Social Security Act (section 202(t)) for persons residing in a foreign country with which the United States has an agreement in force. U.K. citizens located outside the United States, including those located in the United Kingdom, are already exempt from the nonpayment provisions of section 202(t)(1). However, citizens of other countries who reside in the United Kingdom may not be. The agreement therefore provides an exemption from the nonpayment provisions of section 202(t)(1) for U.K. residents, regardless of their citizenship. Under section 202(t)(11), which was added by the Social Security Amendments of 1983, benefits generally may not be paid to nonresident aliens who first become eligible

for title II dependents and survivors benefits after December 31, 1984, unless they satisfy certain U.S. residency requirements, or they are citizens or residents of a country with which the United States has a totalization agreement in force. Thus, beneficiaries who are citizens or residents of the United Kingdom will not be subject to this new nonpayment provision once the agreement enters into force. Similarly, the agreement liberalizes U.K. national law by permitting payment of U.K. invalidity benefits (which are normally payable only to U.K. residents) to persons in the United States who meet certain conditions.

V. Other provisions

Section 233(c)(4) of the Social Security Act authorizes agreements to contain other provisions not inconsistent with title II of the Act which are appropriate to carry out the purposes of the agreements. In accordance with this provision, the U.S.-U.K. agreement contains a number of articles designed to permit the United States and the United Kingdom to render free or reimbursable assistance to the other country in implementing the agreement.

AGREEMENT

AGREEMENT ON SOCIAL SECURITY BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND

THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, BEING DESIROUS OF REGULATING THE RELATIONSHIP BETWEEN THEIR TWO COUNTRIES IN THE FIELD OF SOCIAL SECURITY, HAVE AGREED AS FOLLOWS:

ANNOTATIONS AND COMMENTS

This document is described as an "Agreement" with the understanding that it will enter into force for the United Kingdom as a formal treaty subject to parliamentary ratification and for the United States as an executive agreement under authority of section 233 of the Social Security Act. Upon entry into force the Agreement will have the effect of law in both countries and will be binding on both countries.

PART I

GENERAL PROVISIONS

Article 1

For the purpose of this Agreement:

(1) "Territory" means, "as regards the United States, the States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam and American Samoa, and as regards the United Kingdom, England, Scotland, Wales,

Article 1 defines the key terms used in the Agreement.

The definition of United States "territory" is identical to the definition of the United States in section 210(i) of the Social Security Act.

"United Kingdom," when used as a geographical term, includes England, Scotland, Wales, and Northern Ireland. Ordinarily the

Northern Ireland, and also the Isle of Man and the Islands of Jersey, Guernsey, Alderney, Herm and Jethou; and references to the "United Kingdom" or to "territory" in relation to the United Kingdom" or to "territory" in relation to the United Kingdom shall include the Isle of Man, Jersey, Guernsey, Alderney, Herm and Jethou, where appropriate";

term "United Kingdom" does not refer to the Isle of Man or the Channel Islands (i.e., Jersey and Guernsey and the various dependencies of Guernsey—Alderney, Herm and Jethou among them). The Isle of Man and the Channel Islands are direct dependencies of the Crown with their own legislative and taxation systems. Although the Isle of Man and the Channel Islands also have their own social security systems, these systems are closely linked to the U.K. system and are normally included in social security agreements concluded by the United Kingdom. Because these systems are included within the scope of this Agreement, the term "territory of the United Kingdom" is defined to mean not only England, Scotland, Wales and Northern Ireland, but also the Isle of Man and the Channel Islands of Jersey, Guernsey, Alderney, Herm and Jethou.

Pertinent U.K. social security regulations provide that the U.K. sector of the continental shelf is considered a part of the territory of the United Kingdom for social security coverage and benefit purposes. This Agreement, in particular the provisions of Parts II and III, will therefore apply to persons who work or have worked (primarily in energy exploration and related activities) on the U.K. continental shelf.

AGREEMENT	ANNOTATIONS AND COMMENTS
(2) "Laws" means "the laws specified in Article 2 of this Agreement, or regulations or Orders emanating from those laws, which are applicable in the territory of a Party or in any part thereof";	The term "laws" as used in the Agreement refers to the laws and regulations of each country pertaining to old-age, survivors, and disability insurance as set forth in Article 2. Article 2.1.a specifies the U.S. laws to which the Agreement applies.
(3) "Competent Authority" means, "as regards the United States, the Secretary of Health and Human Services, and as regards the United Kingdom, the Secretary of State for Social Services, the Department of Health and Social Services of Northern Ireland, the Isle of Man Board of Social Security, the Social Security Committee of the States of Jersey or the States of Guernsey Insurance Authority, as the case may require";	"Competent Authority" as used throughout this Agreement refers to the Government official or body in each country with ultimate responsibility for administering the social security program, including the provisions of the Agreement.
(4) "Agency" means, "as regards the United States, the Social Security Administration, and as regards the United Kingdom, the Departmental and independent authorities duly appointed to decide the matter in question";	"Agency" as used in the Agreement refers to the administrative body in each country responsible for taking and processing claims and making coverage determinations under each country's social security laws. The Social Security Administration is the agency for the United States. However, the U.S. Internal Revenue Service's responsibility for determining social security tax liability in light of SSA coverage determinations under this Agreement is not affected.

AGREEMENT	ANNOTATIONS AND COMMENTS
(5) "Period of coverage" means, "as regards the United States, a period of payment of contributions or a period of earnings from employment or self-employment, as defined or recognized as a period of coverage under the laws of the United States, or any similar period insofar as it is recognized by such laws as equivalent to a period of coverage, and as regards the United Kingdom, it means an insurance period";	The term "period of coverage" includes any period which is credited under the laws of either country for purposes of determining benefit eligibility. The term includes periods of covered employment or self-employment as well as any periods of noncontributory or non-work-related coverage.
(6) "Benefit" means, "any benefit, pension or allowance provided for in the laws of either Party, including any increase of, or any additional amount payable with a benefit, pension or allowance";	"Benefit" refers to old-age, survivors and disability benefits provided under the social security laws of either country. The term includes the lump-sum death payment under section 202(i) of the U.S. Social Security Act, but excludes special age-72 payments provided for certain uninsured persons under section 228 of the Act.
(7) As regards the United Kingdom: (a) "insurance period" means, "a contribution period or an equivalent period"; (b) "contribution period" means, "a period in respect of which contributions appropriate to the benefit in question are payable, have been paid or treated as paid"; (c) "equivalent period" means, "a period for which contributions appro-	Article 1.7 contains several unilateral definitions applicable to the United Kingdom.

priate to the benefit in question have been credited";

(d) "survivor's benefit" means, "widow's allowance, widowed mother's allowance and widow's pension";

(e) "child's survivor benefit" means, "guardian's allowance and child's special allowance";

(f) "laws on coverage" means, "the laws and regulations relating to the imposition of liability for the payment of social security contributions".

Article 2

(1) For the purpose of this Agreement, the applicable laws are:

(a) As regards the United States, the laws governing the Federal Old-Age, Survivors and Disability Insurance Program:

(i) Title II of the Social Security Act and regulations pertaining thereto, except sections 226, 226A and 228 of that title and regulations pertaining to those sections; and

(ii) Chapter 2 and Chapter 21 of the Internal Revenue Code of 1954 and regulations pertaining to those chapters;

Article 2 specifies the laws to which the Agreement applies. For the United States, it applies to title II of the Social Security Act and the corresponding tax laws (the Self-Employment Contributions Act of 1954 and the Federal Insurance Contributions Act) and any regulations pertaining to those laws. However, the Agreement does not apply to Medicare provisions (section 226 and 226A of the Social Security Act) or provisions for special payments to uninsured individuals age 72 or over under section 228 of the Social Security Act. Persons to whom the Agreement applies who qualify independently for Medicare hospital insurance or age-72 payments will be entitled to receive such benefits.

(b) As regards the United Kingdom,

(i) the Social Security Acts 1975 to 1982 and the Social Security (Northern Ireland) Acts 1975 to 1982;

(ii) the Social Security Acts 1975 to 1982 (Acts of Parliament) as applied to the Isle of Man by Orders made under the provisions of the Social Security Act 1982 (an Act of Tynwald);

(iii) the Social Security (Jersey) Law 1974;

(iv) the Social Insurance (Guernsey) Law 1978;

and the laws which were consolidated by those Acts, Laws or Orders or repealed by legislation consolidated by them.

(2) The Agreement shall apply also to any law which supersedes, replaces, amends, supplements or consolidates the laws specified in paragraph 1 of this Article.

(3) Unless the Parties agree otherwise, as regards the United Kingdom, this Agreement:

(a) shall apply only to benefits described in the laws specified in paragraph 1.b of this Article at the date of entry into force of this Agreement and for which specific provision is made in this Agreement; and

(b) shall not apply to any laws which relate to a branch of Social Security not

The laws set forth in Article 2.1.b are those relating to U.K. contributory benefit programs. These programs include not only old-age, survivors and disability benefits, but also cash sickness benefits, maternity benefits, death grants, unemployment insurance and benefits under the Industrial Injuries Scheme. As a result, a worker who is exempt from U.K. laws in accordance with Part II of the Agreement will be exempt, together with his employer, from paying U.K. social security contributions for all of these programs. Non-contributory benefit programs such as National Health Service and family allowances are not affected by the Agreement.

The Agreement automatically applies to any future laws which amend provisions of the social security laws set forth in Article 2.1.

Article 2.3 is a unilateral provision which pertains to the United Kingdom. Subparagraph a. specifies that the Agreement applies only to those categories of U.K. benefits provided for in U.K. law at the time the Agreement takes effect. This means that new categories of benefits which may be enacted after the effective date of the Agreement would not be automatically included in the Agreement but could be in-

AGREEMENT

covered by the laws specified in paragraph 1.b of this Article unless the two Parties make an agreement to that effect.

(4) This Agreement shall not apply to Regulations on Social Security of the institutions of the European Communities or to any convention or other international agreement on social security which either Party has concluded with a third party or to any laws or regulations which amend the laws specified in paragraph 1 of this Article for the purpose of giving effect to such a convention or agreement but shall not prevent either Party from taking into account under its laws the provisions of any other convention or agreement which that Party has concluded with a third Party.

ANNOTATIONS AND COMMENTS

cluded by subsequent special agreement. Subparagraph b. makes clear that the Agreement can only apply to U.K. laws dealing with old-age, survivors and disability benefits but not to laws dealing with other branches of U.K. social security; e.g., National Health Service, supplementary benefits, child benefits, family income supplement or new branches created by future legislation, unless the two countries conclude a separate agreement to that effect.

The laws to which the Agreement applies do not include treaties or other international agreements on social security or laws implementing them—for example, either country's social security agreements with third countries or the European Community or other multilateral agreements to which either country is a party. The purpose of this provision is to ensure that in cases where a person has periods of coverage in the United States and the United Kingdom and periods of coverage in a third country with which the United States or the United Kingdom has a social security agreement, periods from all three countries could not be totalized to meet U.S. or U.K. benefit eligibility requirements.

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Article 3

A person who is or has been subject to the laws of one Party and who resides within the territory of the other Party shall, together with his dependents, receive equal treatment with nationals of the other Party in the application of the laws of the other Party regarding the payment of benefits.

ANNOTATIONS AND COMMENTS

Article 3 provides that persons who are or have been subject to the laws of one country and who now reside in the other country will be accorded the same treatment under the other country's social security laws with respect to the payment of benefits as that country accords its own nationals. This paragraph is not intended to affect the coverage provisions of either country's laws since these are dealt with specifically in Part II of the Agreement.

PART II

PROVISIONS ON COVERAGE

Part II is intended to eliminate dual coverage, i.e., situations where a worker is covered under the laws of both countries with respect to the same services. In so doing, the existing coverage provisions of the laws of both countries are preserved to the greatest extent possible. The provisions in this Part are intended to eliminate dual coverage and taxation by continuing the worker's social security coverage and taxation under the system of the country to whose economy the worker has the more direct connection and exempting the worker from coverage and taxation under the other country's system.

AGREEMENT

Article 4

(1) Except as otherwise provided in this Part, a person employed within the territory of one of the Parties shall, with respect to that employment, be subject to the laws on coverage of only that Party. Where a person is subject only to the laws on coverage of the United Kingdom in accordance with this paragraph, those laws shall apply to him as if he were ordinarily resident in the territory of the United Kingdom.

ANNOTATIONS AND COMMENTS

Article 4.1 establishes a general territoriality rule which stipulates that ordinarily a person's work in a country will be subject to the laws on coverage of only that country. Thus, a person working in employment covered under the laws of both countries will remain covered only under the system of the country where the work is performed and will be exempt from coverage under the system of the other country.

Under U.K. national law, non-U.K. residents working in the United Kingdom are automatically excluded from U.K. coverage for the first 52 weeks they are in the United Kingdom. This automatic exclusion is intended to prevent dual coverage of workers on temporary assignment in the United Kingdom based on the assumption that most such workers remain covered under the social security system of their home country. The second sentence of Article 4.1 makes it clear that the 52-week exclusion will not apply to non-U.K. residents who are subject to U.K. laws as a result of the territoriality rule set forth in the first sentence.

Article 4.2 contains an exception to the territoriality rule which applies when an employee is required by his employer in one country to work temporarily in the other country. Article 4.3 provides for the elimination of dual coverage

(2) Where a person who is covered under the laws on coverage of one Party and is employed by an employer in the territory of that Party is sent by that employer to work in the territory of the other Party, the person shall be subject only to the laws on coverage of the former Party, as if he were employed in the territory of the former Party, provided that the period of work in the territory of the latter Party is not expected to exceed 5 years, or such longer period as may be agreed upon by the Competent Authorities in a particular case. This paragraph does not apply to employment as an officer or member of a crew on a ship or aircraft.

of self-employment. Article 4.4 regulates the coverage of persons engaged in an activity considered to be employment by one country and self-employment by the other. Article 4.5 provides rules for the elimination of dual coverage in employment in international air or ship transportation.

Under Article 4.2, an employee working for an employer located in the United States or the United Kingdom who is temporarily transferred to work in the other country for the same employer (including its parent corporation or a foreign subsidiary of the same employer) will continue to be covered by the country in which the employer is located. Ordinarily this rule will apply only if the period of work in the other country does not exceed 5 years. Provision has been made for extending the 5-year limit if the Competent Authorities agree to a requested extension. If a person's employment were not covered in the country in which his employer is located, this paragraph would not apply and the person would generally be subject to the laws of the country in which he is working. Article 4.2 will apply even if the employee is not sent directly to the other country but is first assigned to work in a third country. This paragraph does not apply to employment in international air or ship transportation which is dealt with in Article 4.5.

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(3) A person who would otherwise be covered under the laws on coverage of both Parties with respect to self-employment performed in the territory of either Party shall be subject only to the laws on coverage of the Party in whose territory he ordinarily resides.

(4) Where a person is employed under the laws on coverage of one Party and self-employed under the laws on coverage of the other Party for the same activity, he shall be subject only to the laws on coverage of the Party in whose territory he ordinarily resides.

ANNOTATIONS AND COMMENTS

Article 4.3 applies to persons whose earnings from self-employment would be subject to compulsory coverage under the laws of both countries. A self-employed U.K. resident whose earnings would otherwise be covered by both the United Kingdom and the United States will be covered only under the laws of the United Kingdom. A dually covered U.S. resident will be covered only under U.S. laws. This provision will have little effect on the coverage and tax status of persons residing in the United States since the self-employment income of U.S. residents is already covered under U.S. law, and the U.K. generally does not cover the self-employment of non-residents. The provision will primarily affect self-employed U.S. citizens who reside in the United Kingdom. In the absence of an agreement, such persons would be covered under U.K. laws because they reside there and would also be covered in some cases under U.S. law because they are U.S. citizens. Article 4.3 would eliminate the U.S. coverage and tax liability of such people.

Article 4.4 is intended to eliminate dual coverage in cases where the activity in question is considered employment under the laws of one country and self-employment under the laws of the other and is compulsorily covered by both countries. Under Article 4.4, such an activity

(5) A person who would otherwise be covered under the laws on coverage of both Parties with respect to employment as an officer or member of a crew on a ship or aircraft shall, in respect of that employment, be subject only to the laws on coverage of the United Kingdom if he ordinarily resides in the territory of the United Kingdom, and only to United States laws on coverage if he ordinarily resides in the territory of the United States.

(6) A person who ordinarily resides in the territory of the United Kingdom and who is not employed or self-employed shall be subject to the laws on coverage of only the United Kingdom with respect to Social Security contributions.

Article 5

(1) This Agreement shall not affect the provisions of the Vienna Convention on Diplomatic Relations of April 18, 1961, or of the Vienna Convention on Consular Relations of April 24, 1963.

will be covered only by the country in which the worker resides.

Under Article 4.5, a person employed on a ship or aircraft who would otherwise be covered under the laws of both the United States and United Kingdom will be covered only under the laws of the country in which he is resident.

Under Jersey law, all residents of Jersey are required to pay social security contributions. This requirement applies to persons who do not work as well as to persons who are employed or self-employed. (Only workers are compulsorily covered under other U.K. Systems.) Article 4.6 is intended to make clear that the obligation of non-employed residents of Jersey to pay contributions is not affected by the Agreement.

Article 5 provides coverage rules applicable to employees of the U.S. or U.K. Governments.

Article 5.1 is intended to make it clear that, in general, the categories of persons mentioned in the Vienna Conventions on diplomatic and consular relations will not be affected by the coverage provisions of the Agreement. The Conventions, to which both the United States and

(2) Notwithstanding Article 4, nationals of one of the Parties who are employed by the National Government of that Party in the territory of the other Party and to whom the provisions mentioned in paragraph 1 of this Article do not apply, shall be subject to the laws on coverage of only the first Party, as if they were employed in the territory of that Party. For the purposes of the United States, employment by the National Government shall include employment by an instrumentality of the United States Government.

the United Kingdom are parties, apply to members of the staff of a diplomatic or consular mission, including the diplomatic, consular, administrative and technical staffs; dependants of members of those staffs; the domestic service staff of the mission; and private servants employed by members of such missions.

In general, persons mentioned in the Vienna Conventions are exempt from social security coverage and contributions under the laws of the host country unless specific arrangements have been made to waive their immunity. Persons whose immunity has been waived would be subject to the laws of the host country including the coverage provisions of this Agreement.

Article 5.2 provides that if a U.S. or U.K. national is employed by his or her Government in the other country but is not in one of the categories mentioned in the Vienna Conventions (i.e., is employed in a non-diplomatic or consular capacity), the person will be subject only to the laws of his own country.

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Article 6

The Competent Authorities of the two Parties may grant an exception to the provisions in this Part, in respect of particular persons or categories of persons, provided that the affected persons will be subject to the laws on coverage of one of the Parties.

ANNOTATIONS AND COMMENTS

Under Article 6 either country may grant an exception to the coverage rules of the Agreement provided the other country agrees and the worker involved will remain subject to the coverage laws of one of the countries. Such an exception may be granted on behalf of an individual worker or on behalf of all workers employed under similar circumstances, e.g., in the same profession or for the same employer. This provision is designed to permit the Competent Authorities to correct anomalous situations that arise to the disadvantage of workers or to eliminate dual coverage in unforeseen situations.

PART III

BENEFIT PROVISIONS

Part III establishes the basic rules for determining entitlement to Social Security benefits when an individual has worked in both the United States and the United Kingdom, and the rules for determining benefit amounts when entitlement is based on combined work credits. Article 7 contains provisions on the exportation of benefits between the two countries. Article 8 contains rules specifically applicable to the U.S. system, and Articles 9 through 14 deal with the U.K. system.

AGREEMENT

Article 7

(1) Except as otherwise provided in this Agreement, any provision of United States laws which restricts entitlement to or payment of cash benefits for persons who are not nationals of the United States solely because such persons reside outside or are absent from the territory of the United States shall not be applicable to persons who reside in the territory of the United Kingdom.

Subject to the provisions of paragraph 3 of this Article, a person who would be entitled to receive an old age pension, a retirement pension or a survivor's benefit under the laws of the United Kingdom if he were in the United Kingdom shall be entitled to receive that pension or benefit while he ordinarily resides in the territory of the United States, as if he were in the United Kingdom.

ANNOTATIONS AND COMMENTS

Article 7.1 provides that where the laws of the United States restrict entitlement to or payment of Social Security benefits for persons who are not nationals of the United States because they are not resident or present in the United States, those restrictions will not apply to persons who reside in the United Kingdom. This provision, which is authorized by section 233(c)(2) of the Social Security Act, permits the United States to pay certain third country nationals and their dependants who would otherwise be subject to the alien nonpayment provisions of section 202(t) of the Act during periods of residence in the United Kingdom.

Article 7.2, 7.3 and 7.4 provide certain guarantees concerning the exportability of U.K. retirement and survivors benefits to U.S. residents. Article 7.2 and 7.3 permit people who would be entitled to receive U.K. benefits in the United Kingdom to receive those benefits, along with any cost-of-living increases which apply to the benefits, while they reside in the United States. Article 7.4 makes it clear that where a U.K. benefit is increased because of a dependant (e.g., for a wife or child), the increase will be payable while the dependant is in the United States.

(3) A person who is entitled to receive an old age pension, a retirement pension or a survivor's benefit under the laws of the United Kingdom and who would be entitled to receive an increase in the rate of that pension or benefit if he were in the United Kingdom shall, after the date of entry into force of Part III of this Agreement, be entitled to receive any such increase prescribed after that date by those laws if he ordinarily resides in the territory of the United States; but nothing in this paragraph shall confer entitlement to receive any such increases prescribed before that date by those laws.

(4) Where under the laws of the United Kingdom, an increase of any of the benefits for which provision is made in this Agreement would be payable for a dependant if the dependant were in the United Kingdom, it shall be payable while the dependant is in the territory of the United States.

CHAPTER A

PROVISIONS APPLICABLE TO THE UNITED STATES

Article 8

(1) Where a person has completed at least six quarters of coverage under United States laws, but does not have sufficient periods of coverage to satisfy the requirements for entitlement to

Article 8 contains rules for determining U.S. benefit eligibility and amounts in the case of people who have periods of social security coverage in the United Kingdom and at least six

benefits under United States laws, the Agency of the United States shall take into account periods of coverage which are creditable under the laws of the United Kingdom and which do not coincide with periods of coverage already credited under United States laws for the purpose of establishing entitlement to benefits under this Article.

(2) In determining eligibility for benefits under paragraph 1, the Agency of the United States shall credit:

(a) one quarter of coverage for every thirteen contributions or fraction thereof paid or credited in any contribution year before April 6, 1975 under the laws specified in Article 2.1b.(i) and (ii); and

(b) one quarter of coverage for every thirteen contributions calculated in accordance with Article 9.5, or fraction thereof, paid or credited in any United Kingdom tax year beginning after April 5, 1975 under the laws specified in Article 2.1.b(i) and (ii); and

(c) one quarter of coverage for each annual contribution factor of 0.25 or any part thereof which has been derived under the laws specified in Article 2.1.b(iii); and

(d) one quarter of coverage for every thirteen contributions or fraction thereof paid or credited in any contribution year under the laws specified in Article 2.1.b(iv);

quarters of coverage in the United States, but who do not have enough U.S. coverage to qualify for U.S. benefits. In such cases, the Social Security Administration, in accordance with Article 8.1, will take into account any periods of coverage completed under U.K. law insofar as they do not coincide with quarters of coverage already credited under U.S. laws.

Article 8.2 establishes the procedure to be followed in converting periods of coverage under the U.K. system into equivalent periods of coverage under the U.S. system. Periods of coverage under the U.S. system are measured in terms of calendar quarters and are called quarters of coverage. The United Kingdom, except for Jersey, credits periods of coverage in weekly increments. Jersey coverage is credited in terms of annual contribution factors with each factor of 1.00 representing a year of coverage. Under Article 8.2, the United States will credit one quarter of coverage for each 13 weeks of contributions under the U.K. system, except that, under subparagraph c., the United States will credit one quarter of coverage for each annual contribution factor of 0.25 under the Jersey system.

AGREEMENT

provided, however, that periods of coverage credited under United States laws shall not exceed four quarters of coverage in any calendar year.

(3) Where entitlement to a benefit under United States laws is established according to the provisions of paragraph 1, the Agency of the United States shall compute a pro rata Primary Insurance Amount in accordance with United States laws based on the duration of a worker's periods of coverage completed under United States laws. Benefits payable under United States laws shall be based on the pro rata Primary Insurance Amount.

ANNOTATIONS AND COMMENTS

In conformity with section 233(c)(1)(C) of the U.S. Social Security Act, Article 8.3 provides that where entitlement to a U.S. benefit is based on combined U.S. and U.K. coverage, the amount of the benefit will be proportional to the amount of coverage credited under the U.S. system. As stipulated in Article 8.1, persons who qualify for U.S. benefits based on their U.S. coverage alone are not eligible for totalization benefits from the United States.

The language of Article 8.3 is broad enough to encompass any benefit computation method provided for in regulations promulgated in conformance with section 233 of the Social Security Act. The regulation under which the first three U.S. Social Security agreements have been implemented provides that, when entitlement is established based on totalized credits, the amount of the benefit is determined by combining earnings records from both countries to compute a theoretical U.S. benefit, which is then pro rated to establish a partial benefit based on the ratio of periods of coverage completed in the United States to the total periods completed in both countries.

Experience in implementing these earlier

agreements has shown that using foreign earnings information to compute U.S. benefit amounts is cumbersome for both the United States and the other country. The time required to secure foreign earnings records can exceed a year in some cases, which causes long delays in adjudicating U.S. totalization claims.

To avoid the problems created by using foreign earnings data, the Social Security Administration (SSA) has developed a new method of computing U.S. totalization benefits within the parameters of section 233. Under the new method, totalization benefit amounts will be computed based on periods of coverage and earnings credited exclusively under U.S. law. SSA intends to apply this new computation method under the U.S.-U.K. agreement and other pending agreements rather than the method employed under the agreements now in force. A Notice of Proposed Rulemaking to revise the existing regulation on totalization benefit computations was published in the Federal Register on December 1, 1983 (Vol. 48 No. 232). The final regulation is expected to take effect well before the U.S.-U.K. agreement enters into force.

The new method will shorten processing time and expedite the payment of totalization benefits. Under this method, the United States will compute the theoretical benefit on the basis of a

worker's earnings level during the period he was actually covered under U.S. Social Security. The theoretical benefit would then be prorated to reflect the proportion of a coverage lifetime actually completed under the U.S. program. A coverage lifetime is defined in the regulations as the number of the worker's benefit computation years, i.e., the years which must be used in determing a worker's average earnings under the regular U.S. national computation method.

Under the new method, the theoretical benefit will approximate the benefit amount to which the worker would have been entitled had he worked a full coverage lifetime under the U.S. system at the same relative earnings level as during his actual periods of U.S. coverage. The pro rata benefit that is payable would reflect the portion of the worker's coverage lifetime spent under the U.S. system. The new method is comparable to the computation methods used by most European countries, which compute totalization benefits based only on earnings credited under their own social security systems. The new method is comparable to the computation methods used by most European countries, which compute totalization benefits based only on earnings credited under their own social security systems.

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(4) Entitlement to a benefit from the United States which results from paragraph 1 shall terminate with the acquisition of sufficient periods of coverage under United States laws to establish entitlement to an equal or higher benefit without the need to invoke the provisions of paragraph 1.

CHAPTER B

PROVISIONS APPLICABLE TO THE UNITED KINGDOM

ANNOTATIONS AND COMMENTS

Article 8.4 provides that where insured status under U.S. law is acquired after entitlement based on totalization, and an equal or higher benefit is payable without totalization, SSA will no longer provide a benefit based on totalization but provide the benefit based on U.S. coverage alone.

The United Kingdom provides old-age, survivors and disability protection through a two-tier social security benefit program. The first-tier benefit, called the basic pension, is a contributory, non-earnings-related benefit payable to workers who meet the applicable eligibility standards, including a minimum coverage requirement. Benefit amounts are based on a maximum flat-rate amount which is prorated according to the number of years the person worked under the U.K. system. Under the provisions of Chapter B, the United Kingdom will combine U.S. coverage with periods of U.K. coverage in order that persons who do not otherwise meet the minimum coverage requirements may become eligible for a partial basic pension.

The second-tier benefit, or additional pension, is both contributory and earnings-related. The amount of the additional pension depends on the length of a worker's employment as well as the level of his earnings. An additional pension may be paid based on as little as one year of

Article 9

(1) For the purpose of calculating entitlement to a retirement pension or a survivor's benefit under the laws specified in Article 2.1.b(i) and (ii) of this Agreement, for each quarter of coverage credited to a person under the laws of the United States before 6 April 1975 the person shall be treated as having paid thirteen contributions under the laws specified in Article 2.1.b(i) and (ii).

coverage. Because of this immediate vesting, no provision has been made in the Agreement for totalizing U.K. and U.S. periods of coverage for purposes of establishing entitlement to an additional pension. Both the basic and additional pension are adjusted annually to take account of changes in the cost of living in the United Kingdom. The basic pension is indexed to changes in either wages or prices, whichever produces a higher benefit. The additional pension is indexed to changes in prices.

This Article establishes the procedure to be followed by the United Kingdom in converting U.S. periods of coverage into equivalent periods under the U.K. system. Article 9.1 and 9.2 apply to U.K. laws except the laws of Jersey and Guernsey. Special provisions applicable to Jersey and Guernsey are set forth in Article 9.3 and 9.4, respectively.

Until April 6, 1975, U.K. coverage was credited in weekly increments based on flat-rate contributions. Workers earned one year of coverage for every 50 weekly contributions paid before that date. Article 9.1 provides that the United Kingdom will treat each quarter of coverage credited under U.S. law before April 6, 1975 as equivalent to 13 weeks of flat-rate contributions.

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(2) For the purpose of calculating entitlement to a basic retirement pension or a basic survivor's benefit provided under the laws specified in Article 2.1.b(i) and (ii) of this Agreement, for each quarter of coverage credited under the laws of the United States after 5 April 1975 a person shall be treated as having paid thirteen contributions on earnings equivalent to the lower earnings level under the laws specified in Article 2.1.b(i) and (ii).

(3) For the purpose of calculating the appropriate contribution factor to establish entitlement to old age pension or survivor's benefit under the laws specified in Article 2.1.b(iii) of this Agreement, a person shall be treated for each quarter of coverage credited under the laws of the United States as having paid contributions which derive an annual contribution factor of 0.25.

(4) For the purpose of calculating entitlement to old age pension or survivor's benefit under the laws specified in Article 2.1.b(iv) of this Agreement, each quarter of coverage credited under the laws of the United States shall be

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U.K. coverage after April 5, 1975 is also credited in weekly increments, but earnings-related contributions replaced flat-rate contributions. In general, workers earn one year of coverage for each year in which they pay contributions on earnings of at least 52 times a specified minimum weekly amount. The weekly minimum is called the lower earnings level. Under Article 9.2, the United Kingdom will treat each quarter of coverage credited under U.S. law after April 5, 1975 as equivalent to 13 weekly contributions.

Under Jersey law, coverage is credited in terms of annual contribution factors. Workers who pay contributions during a year on earnings above a specified minimum amount are credited with a year of coverage. A year of coverage equates to an annual contribution factor of 1.00. Article 9.3 provides that Jersey will treat each quarter of coverage credited under U.S. law as equivalent to an annual contribution factor of 0.25. Thus, four U.S. quarters of coverage would equal an annual contribution factor of 1.00.

Article 9.4 provides that Guernsey, which credits periods of coverage in weekly increments, will treat each quarter of coverage credited under U.S. law as equivalent to 13 weeks of contributions under Guernsey law.

treated as if it had been a contribution period of thirteen weeks completed as an employed or self-employed person under the laws specified in Article 2.1.b(iv).

(5) For the purpose of converting into periods of coverage any earnings-factor achieved in any tax year commencing on or after 6 April 1975 under the laws specified in Article 2.1.b (i) and (ii) of this Agreement, the Competent Authority of the United Kingdom shall divide the earnings-factor by that tax year's lower earnings limit. The result shall be expressed as a whole number, any remaining fraction being ignored. The figure so calculated shall be treated as representing the number of weeks in the insurance period completed in that tax year under those laws.

Article 8.2.b establishes the procedure to be followed by the United States in converting U.K. contribution weeks credited after April 5, 1975 to U.S. quarters of coverage. Although the United Kingdom does not maintain a record of each worker's actual contribution weeks, it can derive this information from annual earnings-factor data stored on a worker's U.K. earnings record. An annual earnings-factor is based on a worker's total contributions in a year and represents the worker's approximate covered earnings for the year. Because the earnings-factor credited to a worker for any given year bears a direct relationship to total contributions paid during that year, it is possible to convert an annual earnings factor to contribution weeks. Article 9.5 establishes the formula for converting the earnings-factors shown on U.K. earnings records into the contribution weeks to be reported to SSA.

Article 10

(1) Subject to the provisions of paragraph 2 of this Article, where a person is entitled to an old age pension or a basic retirement pension, as

Article 10.1 makes clear that the totalization provisions of Article 11 do not apply to people who already qualify for a basic retirement bene-

the case may be, under the laws of the United Kingdom, otherwise than by virtue of the provisions of this Agreement, that pension shall be payable and the provisions of Article 11, except for Article 11.3, of this Agreement shall not apply under these laws.

(2) For the purpose of paragraph 1 of this Article, a lower-rate Category B retirement pension payable to a married woman by virtue of the contributions of her husband shall be treated as if it were not a retirement pension and the words "old age pension or a retirement pension" should be construed as referring only to a contributory pension.

fit under U.K. national law. In other words, if a worker has earned enough U.K. coverage to meet the minimum coverage requirement for U.K. benefits, the United Kingdom will not consider the worker's U.S. coverage in determining entitlement to or the amount of his U.K. benefit.

Under U.K. law, the wife of a retirement pensioner is eligible to receive a wife's benefit equal to 60 per cent of her husband's pension. The wife's benefit is called a Category B retirement pension and is generally payable to any married woman over age 60 who does not qualify for a higher benefit based on her own periods of coverage. Article 10.2 makes it clear that the Category B retirement pension is not considered a "retirement pension" in the context of Article 10.1. Thus a woman who qualifies for a Category B retirement pension (i.e., wife's benefit) based on her husband's periods of coverage would not be precluded from qualifying for a totalization benefit based on her own periods of coverage in the United Kingdom and United States.

Under the Jersey system, a contributory retirement benefit is called an "old age pension" and is equivalent to the "retirement pension" payable under other U.K. systems. The term "old age pension" is also used under the other systems but only to refer to noncontributory

benefits paid to certain persons over the age of 80. To avoid confusion, Article 10.2 indicates that the "old age pension" referred to in Article 10.1 is the contributory (i.e., Jersey) pension.

Article 11

Article 11 establishes the basic rules for determining entitlement to and the amount of U.K. retirement benefits based on totalized (i.e., combined) U.K. and U.S. coverage credits. Under the U.K. system, a basic retirement pension is payable to women at age 60 and men at age 65 who meet the minimum coverage requirement. In general, the minimum coverage requirement is met if a worker has earned coverage for at least 25 percent of the years in his working life. In retirement claims, a "working life" is generally considered to be 44 years for women and 49 years for men. To get a full basic pension (a flat-rate amount equal to about $50.00 per week in 1983) a worker must have earned coverage for 90 percent of the years in his working life. A worker who has not earned sufficient coverage to qualify for a full basic pension may receive a reduced pension proportionate to the percentage of a working life actually completed under the U.K. system. The basic retirement pension is increased by about $30.00 per week if the pensioner has a dependant wife and by about $13.00 per week for each dependant child (1983 rates).

AGREEMENT	ANNOTATIONS AND COMMENTS
(1) The provisions of this Article shall apply for the purpose of determining entitlement to old age pension, or basic retirement pension, as the case may be, under the laws of the United Kingdom, or under the laws of any one party of the territory of the United Kingdom, under which there is no entitlement in respect of a person in accordance with the provisions of Article 10 of this Agreement.	Article 11.1 stipulates that, in accordance with Article 10, the totalization provisions of this Article will not apply to persons who are eligible to receive U.K. benefits based on coverage completed under the U.K. system alone.
(2) In accordance with Article 9 of this agreement, the relevant Agency of the United Kingdom shall determine: (a) the amount of the theoretical pension which would be payable if all the periods of coverage completed by that person under the laws of both Parties had been completed under its own laws; (b) the proportion of that theoretical pension which bears the same relation to the whole as the total of the periods of coverage completed by him under its laws bears to the total of all the periods of coverage which he has completed under the laws of both Parties. The proportionate amount thus calculated shall be the pension actually payable to the person by the Agency of the United Kingdom.	Where entitlement to U.K. benefits is established based on totalized credits, the United Kingdom will first compute a theoretical benefit amount treating the worker's U.S. coverage as if it had been completed under U.K. law. This theoretical amount is then prorated on the basis of the ratio of the periods of coverage completed under U.K. laws to the total periods completed in both countries. The resulting pro rata benefit is the amount payable by the United Kingdom.
(3) Where a person's periods of coverage completed under the Laws of Jersey total less than an annual contribution factor of 1.00; or, under	Because there is a considerable degree of worker migration between Great Britain, Northern Ireland, the Isle of Man, Jersey and Guern-

the Laws of Guernsey total less than 50 weeks; or, in all other cases, total less than one qualifying year (or total less than 50 weeks if the periods all were before 6 April 1975), then:

(a) these periods shall be aggregated as if they had all been completed under the laws of any part of the territory of the United Kingdom under which a pension is payable or would be payable if the periods were aggregated; and

(b) where two such pensions are or would be payable, the periods shall be aggregated under the laws of that part of the territory of the United Kingdom under which the pension is first payable or, if they are both first payable on the same date, under the laws of that part which pays the greater amount on that date.

(4) For the purpose of applying the provisions of paragraph 2 of this Article, the Agency of the United Kingdom shall take account only of periods of coverage, completed under the laws of either Party, which would be taken into account for the determination of pensions under its laws if they were completed under its laws and, in relation to a woman, shall, where appropriate, take into account in accordance with those laws periods of coverage completed by her husband.

sey, the individual social security systems of these jurisdictions attempt to coordinate policies which affect such workers. Article 11.3 is intended to coordinate the coverage of workers who have completed periods of coverage under more than one of the U.K. systems. It provides that where a worker has periods of coverage totaling less than one year under one of the U.K. systems, those periods will be added to periods of coverage the worker has completed under another U.K. system for the purpose of determining his right to benefits, including U.K. and U.S. totalization benefits. Without this provision, some workers who have completed periods of coverage under more than one of the U.K. systems could lose credit for part or all of that coverage.

Under U.K. law, certain periods of coverage are not considered in determining a person's entitlement to benefits. For example, periods of coverage a worker completed before age 16 or after retirement age are disregarded. In addition, periods of coverage completed by a worker in a tax year beginning after April 5, 1975 are not considered if such periods of coverage total less than 52 weeks in that year. Article 11.4 provides that in applying the totalization provisions of Article 11.2, the United Kingdom will disre-

5. Where a period of coverage credited to a person under the laws of the United States after 5 April 1975 falls within a relevant United Kingdom tax year which is not a qualifying year, those periods of coverage may be reallocated to any other tax year commencing on or after 6 April 1975 if this would be to the advantage of that person.

(6) The provisions of paragraph 2 of this Article shall not apply to any graduated pension payable under the laws of the United Kingdom, or to any increase of pension payable in respect of deferred retirement, or to any increase of benefit payable in respect of a dependent child, but any such pension or increase, or increases, shall be added to the amount of pension which has been calculated and has become payable in accordance with paragraph 2.

gard any U.S. periods of coverage which would have been disregarded had those periods been completed under U.K. law (see exception in Article 11.5). Further, it stipulates that the provisions of U.K. law which permit a husband's periods of coverage to be considered in determining a woman's entitlement to a U.K. retirement pension will also apply to periods of coverage the husband has earned under U.S. law.

Article 11.5 is an exception to the general rule set forth in Article 11.4. It stipulates that where U.S. quarters of coverage credited after April 5, 1975 fall within a U.K. tax year which is not a qualifying year (i.e., because total U.S. and U.K. periods of coverage total less than 52 weeks), and therefore would be disregarded in accordance with the above mentioned provision of Article 11.4, those quarters of coverage will be reallocated to another tax year if this would be to the person's advantage.

Under U.K. law, a person entitled to receive a retirement pension may also qualify for various supplemental benefits, such as an earnings-related benefit called a graduated pension, a deferred retirement increase payable to a pensioner who delays retirement until after normal retirement age, and a child's increase payable to a pensioner with dependant children. Article 11.6 provides that where a person entitled to a pro rata retirement pension based on combined

(7) Where a period of coverage completed under the laws of the United Kingdom overlaps with a period of coverage credited under the laws of the United States, the United Kingdom shall take account only of the period of coverage completed under its laws.

U.K. and U.S. coverage also qualifies for one or more of the supplemental benefits, those supplemental benefits will not be prorated in accordance with Article 11.2 but rather will be paid in full.

In determining a person's entitlement to a totalization benefit under Article 11.2, the United Kingdom will not count U.S. quarters of coverage which overlap with periods of coverage already credited under its own laws.

Article 12

The provisions of Articles 10 and 11 of this Agreement shall apply also in a claim for basic survivor's benefit under the laws of the United Kingdom, with such modifications as the differing nature of the benefits may require.

The U.K. social security system provides three types of widow's benefits: a widow's allowance, a widowed mother's allowance and a widow's pension. The widow's allowance is a transitional benefit payable to most widows under age 60 whose husbands were receiving retirement pensions when they died. Entitlement begins on the date of the husband's death and continues for 26 weeks. The widow's allowance is a flat-rate benefit equal to about $71.00 per week in 1983. After 26 weeks, the widow may qualify for a widowed mother's allowance or a widow's pension.

The widowed mother's allowance is payable to a widow of any age who has a child of the deceased worker in her care. In order to qualify,

the widow's deceased husband must have met certain minimum coverage requirements. These requirements are essentially the same as those which apply for retirement benefits (see annotation to Article 11) except that the worker is assumed to have reached age 65 at the time of death. A full widowed mother's allowance (about $50.00 per week in 1983) is payable if the deceased worker had sufficient coverage to qualify for a full basic retirement pension at the time of death. If the deceased worker would have qualified for a reduced retirement pension, the widowed mother's allowance is reduced accordingly. Both the widow's allowance and the widowed mother's allowance are increased by about $13.00 per week for each surviving child (1983 rate).

The widow's pension is payable to widows age 40 or over at the time of the worker's death or at the time the widowed mother's allowance ends. In order for the widow to qualify, the deceased worker must have met the same coverage requirements as for the widowed mother's allowance discussed above. The amount of the widow's pension depends on the widow's age at the time of entitlement. A full widow's pension, equal to about $50.00 per week in 1983, is payable to widows age 50 or over. The pension is reduced for widows under ago 50.

Article 12 specifies that the totalization bene-

fit provisions set forth in Articles 10 and 11 will also apply to U.K. survivor's benefits. This means that the United Kingdom will consider U.S. coverage in determining entitlement to U.K. widow's benefits if a claimant fails to qualify based on the deceased worker's U.K. coverage alone. Where entitlement is established based on combined U.K. and U.S. coverage, a pro rata benefit will be calculated in accordance with the provisions of Article 11.2.

Article 13

Where a person in the United Kingdom is entitled to a child's survivor benefit in respect of a child in the United Kingdom, that benefit shall not cease to be payable solely because that person and, or, the child is in the territory of the United States.

In order to receive child's survivor benefits under U.K. law, both the adult beneficiary and the surviving child must reside in the United Kingdom. Article 13 provides for continued payment of child's survivor benefits during periods when the adult beneficiary or child, or both, are in the United States.

Article 14

Article 14 establishes rules for determining entitlement to and the amount of U.K. invalidity benefits for persons who have worked in both the United States and the United Kingdom.

U.K. invalidity benefits are payable to U.K. residents who are disabled and meet certain minimum coverage requirements. Under U.K. law, a person is generally considered disabled after he has been incapacitated for work for 168

(1) The provisions of paragraphs 2 to 5 of this Article shall apply to claims for invalidity benefit under the laws of the United Kingdom other than under the laws of Jersey.

(2) Subject to the provisions of paragraph 4 of this Article, a person in the territory of the United States, other than a person who is entitled to disability insurance benefits under the laws of the United States solely by virtue of his United States coverage, shall be entitled to receive invalidity benefit under the laws of the

days during which he was entitled to short-term cash sickness benefits. To meet the minimum coverage requirement, a person must have paid the equivalent of six months of contributions under the U.K. system some time before disability onset and also have paid or been credited with at least six months of coverage in the tax year preceding the calendar year in which disability onset occurs. Persons who qualify for invalidity benefits receive a flat-rate amount of approximately $50.00 per week in 1983. This amount is increased by about $30.00 per week if the worker has a dependant wife and by about $13.00 per week for each dependant Child (1983 rates).

Article 14.1 stipulates that paragraphs 2 through 5 pertain to claims for invalidity benefits under U.K. laws except for the laws of Jersey. Eligibility requirements for Jersey invalidity benefits are slightly different than under other U.K. systems and are dealt with separately in paragraphs 7 through 9.

Article 14.2 modifies U.K. national law by permitting payment of U.K. invalidity benefits to persons in the United States. It provides that a worker who is not entitled to U.S. disability benefits based on U.S. coverage alone may qualify for U.K. invalidity benefits provided that he:

(a) has earned four quarters of coverage under

United Kingdom as if he had received sickness benefit for 168 days under those laws, provided that:

(a) he has been credited with at least four quarters of coverage under the laws of the United States during the two years preceding the onset of his incapacity and he has been credited with a period of coverage under those laws since his last arrival in the territory of the United States; and

(b) he has completed a period of coverage in any one tax year under the laws of the United Kingdom which amounts to at least fifty times the lower earnings level for that year and, at the date on which he last left the United Kingdom, he satisfied the minimum contribution conditions applicable to sickness benefit under the laws of the United Kingdom, or, in a case where the claim for benefit is made under the laws of Guernsey, he has completed a period, or periods, of coverage which amount to at least fifty weeks under the laws of Guernsey and, at the date on which he left Guernsey, he satisfied the minimum contribution conditions applicable to sickness benefit under those laws; and

(c) at the date on which his incapacity commenced he had not been absent from the territory of the United Kingdom for a

the U.S. system during the two year period preceding disability onset and has earned at least one quarter of coverage since his most recent arrival in the United States, and

(b) met the minimum coverage requirements for U.K. invalidity benefits at the time he left the United Kingdom; and

(c) has not, at the time of disability onset, been absent from the United Kingdom for more than 5 years since last completing a period of coverage under U.K. laws; and

(d) has been incapable of work for at least 168 days on account of sickness or disablement according to the relevant provisions of U.K. law.

period of five years from the end of the United Kingdom tax year in which he last completed a compulsory period of coverage under the laws of the United Kingdom; and

(d) he is incapacitated for work and has been so incapacitated for a continuous period of 168 days, excluding Sundays.

The rate of invalidity benefit payable by virtue of this paragraph shall be ascertained in accordance with the provisions of paragraph 3 of this Article.

(3) Taking account of sub-paragraphs a. and b. of this paragraph, the relevant Agency of the United Kingdom shall ascertain the proportion of the standard rate of invalidity benefit provided under the laws of the United Kingdom in the same ratio as the total of the periods of coverage completed under its laws bears to the total periods of coverage completed under the laws of both Parties. For the purpose of this paragraph, "standard rate of invalidity benefit" means the standard rate of benefit including any age allowance and any additional amount or amounts payable in respect of a dependant or dependants, but does not include the amount of any additional component or graduated pension which shall be payable, where appropriate, in addition to any invalidity benefit calculated in accordance with this paragraph:

Article 14.3 contains rules for determining U.K. invalidity benefit amounts where entitlement is established in accordance with Article 14.2. Under this provision the United Kingdom will first determine the theoretical benefit amount the worker would be entitled to receive if he had qualified for invalidity benefits without recourse to the Agreement. Thus, the theoretical benefit amount equals the standard flat-rate invalidity benefit plus any increases payable on behalf of dependants or on account of advanced age. Second, the amount actually payable is determined by multiplying the theoretical benefit by the ratio of the worker's U.K. periods of coverage to his total periods of coverage under U.K. and U.S. laws.

(a) the provisions of paragraphs 4, 5, 6 and 7 of Article II and the provisions of Article 9 of this Agreement shall apply to periods of coverage credited under the laws of the United States as if the references in those Articles to an old age pension, a retirement pension or a pension were references to invalidity benefit;

(b) for the purposes of calculating the proportion of benefit referred to above, no account shall be taken of any period of coverage completed after the day on which his incapacity commenced.

The amount of benefit calculated in accordance with the above provisions of this paragraph shall be the amount of invalidity benefit actually payable to that person.

(4) Invalidity benefit under the laws of the United Kingdom shall not be payable to a person in the territory of the United States by more than one part of the territory of the territory of the United Kingdom for the same period. Where such benefit would otherwise be payable by more than one such part, that benefit shall be payable only under the laws of the territory under which that person last completed a period of coverage, or, where two such periods have been completed simultaneously, under the laws of the territory in which he is, or last was, resident.

This provision is intended to prevent a disabled worker in the United States from receiving pro rata invalidity benefits from more than one of the several U.K. systems.

AGREEMENT

(5) Subject to the provisions of paragraph 11 of this Article, invalidity benefit shall not be payable under the laws of the United Kingdom to a person in the United Kingdom if he is entitled to receive disability insurance benefits under the laws of the United States solely by virtue of his coverage under those laws.

ANNOTATIONS AND COMMENTS

Articles 14.5, 14.10 and 14.11 deal with the benefit rights of disabled workers present in the territory of the United Kingdom including the territory of Jersey. Under these provisions, a person who has worked in both the United States and United Kingdom and who satisfies the normal eligibility requirements for U.K. invalidity benefits will be entitled to receive those benefits provided that: (1) he is not receiving regular U.S. disability benefits based solely on U.S. coverage, or (2) if receiving U.S. disability benefits, he has resided in the United Kingdom for at least 5 years preceding the date of disability onset. Thus, a person in the United Kingdom who is entitled to a regular U.S. disability benefit would not be eligible for U.K. invalidity benefits unless he had resided in the United Kingdom for at least 5 years before becoming disabled. A person entitled to a pro rata U.S. disability benefit (or no U.S. disability benefit) would be eligible for U.K. invalidity benefits regardless of the duration of his residence in the United Kingdom.

Because a worker who resides in the United Kingdom can satisfy the minimum coverage requirements for U.K. invalidity benefits based on a very short period of work under the U.K. system, no provision has been made for totalizing U.K. and U.S. periods of coverage for pur-

(6) The provisions of paragraphs 7 to 9 of this Article shall apply to claims for sickness benefit or invalidity benefit, as the case may be, under the laws of Jersey.

poses of establishing entitlement of U.K. residents to U.K. invalidity benefits.

Each of the several U.K. social security systems, with the exception of the Jersey system, pays cash sickness benefits during the first 168 days a person is incapacitated for work. After 168 days of incapacity, invalidity benefits become payable. Under the Jersey system, cash sickness benefits are payable for an initial period of 312 days at which time invalidity benefits begin. Because U.K. cash sickness benefits are not included within the scope of this Agreement, it is necessary to compensate for the later initial payment of invalidity benefits under Jersey law. Without some adjustment, persons in the United States who qualify for U.K. invalidity benefits under the Agreement would receive those benefits after 168 days of incapacity unless they were entitled under the Jersey system, in which case benefits would not be payable until 312 days after disability onset.

In order to avoid different eligibility dates, Article 14.7 through 14.9 provide for the payment of Jersey cash sickness benefits to disabled workers in the United States for a 144-day period lasting from the 168th through the 312th day of incapacity. After 312 days, regular Jersey invalidity benefits would be payable. In all other respects, Article 14.7 through 14.9 are es-

(7) Subject to the provisions of paragraph 4 of this Article, a person in the territory of the United States, other than a person who is entitled to disability insurance benefits under the laws of the United States solely by virtue of his United States coverage, shall be deemed to have received sickness benefit for 168 days under the laws of Jersey and shall be entitled to receive sickness benefit for a further 144 days provided that:

(a) he has been credited with at least four quarters of coverage under the laws of the United States during the two years preceding the onset of his incapacity and he has been credited with a period of coverage under those laws since his last arrival in the territory of the United States; and

(b) he has completed a period of coverage under the laws of Jersey which amounts to at least an annual contribution factor of 1.00 and, at the date on which he last left Jersey he satisfied the minimum contribution conditions applicable to sickness benefit under the laws of Jersey; and

(c) at the date on which his incapacity commenced he had not been absent from Jersey for a period of five years from the end of the quarter in which he last was

sentially the same as the provisions described in Article 14.2 through 14.4 above.

liable to complete a period of coverage under the laws of Jersey; and

(d) he is incapacitated for work and has been so incapacitated for a continuous period of 168 days, excluding Sundays.

The rate of sickness benefit payable by virtue of this paragraph shall be ascertained in accordance with the provisions of paragraph 8 of this Article.

(8) Taking account of sub-paragraphs a. and b. of this paragraph, the Agency of Jersey shall ascertain the proportion of the standard rate of sickness benefit provided under the laws of Jersey in the same ratio as the total of the periods of coverage completed under its laws bears to the total of the periods of coverage completed under both its laws and the laws of the United States. For the purpose of this paragraph, "standard rate of sickness benefit" means the standard rate of benefit including any additional amount payable therewith in respect to a dependant:

(a) the provisions of paragraphs 4 and 7 of Article 11 and the provisions of Article 9 of this Agreement shall apply to periods of coverage credited under the laws of the United States as if the references in those Articles to an old age pension, a retirement pension or a pension were references to sickness benefit;

(b) for the purpose of calculating the proportion of benefit referred to above, no account shall be taken of any period of coverage completed after the day on which his incapacity commenced.

The amount of benefit calculated in accordance with the above provisions of this paragraph shall be the amount of sickness benefit actually payable to that person.

(9) A person entitled to sickness benefit under the laws of Jersey by virtue of the provisions of paragraphs 7 and 8 of this Article, shall, if still incapacitated for work after he has received sickness benefit for 144 days, be deemed to have received sickness benefit for 312 days under the laws of Jersey and shall be entitled to receive invalidity benefit under those laws while he is in the territory of the United States, provided that he remains incapacitated for work. The rate of invalidity benefit payable by virtue of this paragraph shall be ascertained by applying the provisions of paragraph 8 of this Article as if the references therein to sickness benefit were references to invalidity benefit.

(10) Subject to the provisions of paragraph 11 of this Article, a person in the territory of Jersey shall not be entitled to receive invalidity benefit or sickness benefit under the laws of Jersey if he is entitled to receive disability insurance benefits under the laws of the United

The provisions of Article 14.10 and 14.11 are explained in the annotation to Article 14.5.

States solely by virtue of his coverage under those laws.

(11) A person in the territory of the United Kingdom shall be entitled to receive invalidity benefit under its laws, or sickness benefit under the laws of Jersey, without regard to paragraph 5 or paragraph 10 of this Article provided that he satisfies the conditions applicable to that benefit under those laws and he was resident in the territory of the United Kingdom for a period of five years prior to the onset of the incapacity which gives rise to the invalidity benefit entitlement, or, as the case may be, sickness benefit entitlement.

(12) Notwithstanding any other provision of this Article, a person in the territory of the United States who is subject to the laws on coverage of the United Kingdom by virtue of any of the Articles 4 to 6 of this Agreement and who satisfies the contribution conditions applicable to sickness benefit under those laws shall, for the purpose of determining his entitlement to invalidity benefit under those laws:

(a) be treated as if he were in the territory of the United Kingdom; and

(b) each day of incapacity for work while in the territory of the United States may, where appropriate, be treated as if it were a day for which he had received sickness benefit under the laws of the United Kingdom.

Article 14.12 is an exception to the preceding provisions of this Article. It is designed to ensure that persons who are working in the United States, but covered under U.K. laws by virtue of Articles 4 through 6 of the Agreement, are not denied U.K. invalidity benefits merely because they are not resident in the United Kingdom.

(13) Any restriction which would otherwise be applicable under the laws of the United Kingdom in the rate of benefit payable to persons who are not ordinarily resident in the territory of the United Kingdom shall not apply to persons in the territory of the United States who are in receipt of invalidity benefit under the laws of the United Kingdom by virtue of the provisions of this Agreement.

Article 14.3 makes clear that benefit payment restrictions which normally apply to persons not resident in the United Kingdom will not apply to persons in the United States who receive U.K. invalidity benefits under the terms of this Agreement. In effect, this guarantees that U.K. cost-of-living increases will be paid to these beneficiaries in the United States.

PART IV

Miscellaneous Provisions

Article 15

The Competent Authorities of the two Parties shall:

(a) Make such administrative arrangements as may be necessary for the application of this Agreement;

(b) Designate liaison agencies for the implementation of this Agreement;

(c) Communicate to each other information concerning the measures taken by them for the application of this Agreement; and

(d) Communicate to each other, as soon as possible, all information concerning changes in their respective laws insofar as these

Article 15 lists several duties of the Competent Authorities under the Agreement. It authorizes them to negotiate any administrative arrangements that may be necessary to implement and administer the Agreement. It also requires them to designate liaison agencies to have primary responsibility for coordinating the benefit claims and coverage determination procedures of the two countries. Under Article 2.1 of the Administrative Agreement, the U.S. liaison agency will be the Social Security Administration, while the United Kingdom will have five liaison agencies to handle its five separate social security programs. Article 15 also re-

changes affect the application of this Agreement.

Article 16

The Competent Authorities and Agencies of the Parties, within the scope of their respective authorities, shall assist each other in implementing this Agreement. This assistance shall be free of charge subject to any exceptions to be agreed upon in an administrative agreement.

Article 17

(1) Where the laws of one Party provide that any certificate or other document which is submitted under the laws of that Party shall be exempt, wholly or partly, from taxes, fees or charges, including consular and administrative fees, the exemption shall also apply to any cer-

quires the Competent Authorities to notify each other of the measures they have taken unilaterally to implement the Agreement, as well as any changes in their social security laws that may affect application of the Agreement.

Article 16 provides authority for nonreimbursable administrative assistance between the countries in applying this Agreement. Article 9 of the Administrative Agreement provides for cases where assistance will be provided on a reimbursable basis as, for example, where medical examinations are obtained by one country for the sole use of the other country.

If the laws of one country exempt documents submitted in connection with a social security claim from fees or charges, that country must also apply the exemption with respect to documents which are sent to the other country by or on behalf of a claimant or beneficiary.

tificate or document which is submitted under the laws of the other Party or under the provisions of this Agreement.

(2) Copies of documents which are certified as true and exact copies by the Agency of one Party shall be accepted as true and exact copies by the Agency of the other Party, without further certification. The Agency of each Party shall be the final judge of the probative value of the evidence submitted to it from whatever source.

Article 18

(1) A written application for benefits filed with an Agency of one Party shall protect the rights of the claimants under the laws of the other Party if the applicant (a) requests that it be considered an application under the laws of the other Party, or (b) in the absence of a request that it not be so considered, provides information at the time of application indicating that the person on whose record benefits are claimed has completed periods of coverage under the laws of the other Party.

If the agency of one country certifies that a copy of a document it furnishes to the agency of the other country is a true and exact copy of an original document, the other country will accept this certification. The agency of each country will remain the final judge of the probative value of documents submitted to it from whatever source.

Under Article 18.1, a written application submitted to the agency of one country will protect a claimant's right to benefits under the laws of the other country as if the application had been presented in the other country, provided the applicant expresses an intent to file for benefits in the other country when the application is filed. Because an applicant may not be fully aware of benefit rights in the other country, Article 18.1 also provides that in the absence of an expression of intent, the application will protect the claimant's rights in the other country if, at the time of filing, the applicant indicates that the person on whose record benefits on hand had been covered under social security in the other country.

AGREEMENT	ANNOTATIONS AND COMMENTS
(2) An applicant may request that an application filed with an Agency of one Party be effective on a different date under the laws of the other Party within the limitations of and in conformity with the laws of the other Party.	An applicant may specify that an application to one country be given a different effective date in the other country within the limits of the laws of the other country. This provision could be of importance, for example, to people who wish to take advantage of delayed retirement credit provisions under the other country's laws.
(3) For the purposes of United States laws, the provisions of Part III of this Agreement shall apply only to an application for benefits which is filed on or after the date on which Part III enters into force.	Article 18.3 requires that a person claiming U.S. benefits under the Agreement file an application either on or after the date Part III of the Agreement enters into force. If a person files an application prior to this date, a new application will be necessary.
Article 19	
(1) A written appeal to, or against, a determination made by the Agency of one Party may be validly filed with an Agency of the other Party. The appeal shall be dealt with according to the appeal procedure of the laws of the Party which has jurisdiction.	Both the United States and the United Kingdom have formal procedures for appealing adverse determinations of their agencies. Under Article 19.1, an appeal of a decision by an agency of one country may be filed with the agency of that country or with the agency of the other country.
(2) Any claim, notice or written appeal which, under the laws of one Party, must have been filed within a prescribed period with the Agency of that Party, but which is instead filed within the same period with the Agency of the other Party, shall be considered to have been filed on time.	Article 19.2 provides that a claim, notice or appeal which must be filed within a given time limit with an agency of one country shall be considered to be filed on time if filed within such limit with an agency of the other country.

AGREEMENT	ANNOTATIONS AND COMMENTS
Article 20	
In any case to which the provisions of Article 18 or Article 19 apply, the Agency to which the claim, notice or written appeal has been submitted shall transmit it without delay to the Agency of the other Party.	Where a claim, notice or appeal filed with the agency of one country affects the person's rights in the other country, that agency shall transmit it without delay to the agency of the other country.
Article 21	
(1) Disagreements between the two Parties regarding the interpretation or application of this Agreement shall, as far as possible, be resolved through agreement of the Competent Authorities.	Article 21.1 would obligate each country to attempt to resolve any dispute between them regarding the Agreement through direct consultation or negotiation.
(2) If a disagreement cannot be resolved by the Competent Authorities, it shall be submitted, at the request of either Party, for arbitration in accordance with procedures to be agreed upon by the Competent Authorities.	Article 21.2 would require both States, at the request of either State, to establish an arbitral procedure if a disagreement cannot be resolved by the Competent Authorities.
Article 22	
This Agreement may be amended in the future by supplementary agreements which, from their entry into force, shall be considered an integral part of this Agreement.	Article 22 provides that the Agreement may be amended by means of future supplementary agreements. Any supplementary agreement would be subject to congressional review in conformity with section 233 of the Social Security Act and upon entry into force would be considered an integral part of the Agreement.

AGREEMENT

PART V

TRANSITIONAL AND FINAL PROVISIONS

Article 23

Upon the entry into force of Part III of this Agreement, the Notes exchanged between the Ambassador of the United States of America and the Secretary of State for Foreign and Commonwealth Affairs of the United Kingdom on 23 and 25 September 1969 shall cease to have effect and shall be replaced by this Agreement; provided, however, that any right to benefit outside the territory of the United Kingdom acquired by a person in accordance with the provisions of the Notes exchanged shall be maintained; and provided that no person shall suffer any loss of rights outside the territory of the United Kingdom which he had under the Notes exchanged or any such rights he would have had if those Notes exchanged had not been replaced by this Agreement.

Article 24

(1) In the application of Part III of this Agreement, consideration shall be given to periods of coverage and other events which occurred prior to the entry into force of Part III, insofar as they are relevant to rights under the laws speci-

ANNOTATIONS AND COMMENTS

The diplomatic notes exchanged between the United States and the United Kingdom in September 1969 guarantee that certain U.K. social security benefits which were previously payable only to residents of the United Kingdom would also be payable to U.S. residents. The notes also placed U.S. citizens residing outside the United States and United Kingdom on equal footing with U.K. nationals residing in third countries with respect to the payment of U.K. benefits. Under Article 23, the 1969 notes will be terminated upon entry into force of Part III of this Agreement; however, it is stipulated that the guarantees contained in the notes will be preserved under this Agreement.

Article 24.1 provides that periods of coverage earned before the effective date of Part III of the Agreement, as well as other relevant events occurring before that date, will be taken into account in determining a person's benefit rights

fied in Article 2.1. However, neither Party shall take into account periods of coverage occurring prior to the earliest date for which periods of coverage may be taken into account under its laws.

(2) No provision of this Agreement shall confer any right:

(a) to receive a benefit for any period before the date of entry into force of Part III of the Agreement, or

(b) to receive a lump-sum death benefit under the laws of the United States if the person died before the date of entry into force of Part III of the Agreement.

(3) Determinations made before the entry into force of Part III of this Agreement concerning entitlement to benefits shall not affect rights arising under Part III.

(4) The period of work referred to in Article 4.2 shall be measured beginning on the date on which Part II of this Agreement enters into force.

under the Agreement. However, neither country will consider periods of coverage credited prior to the earliest date for which periods of coverage may be credited under its laws.

Under Article 24.2, benefits payable as a result of the Agreement will be paid only for periods beginning with the date on which Part III of the Agreement enters into force. Any lump-sum death payments provided by section 202(i) of the U.S. Social Security Act will be payable under the Agreement only if the death occurs on or after the date Part III of the Agreement enters into force.

A decision to award or deny a claim which was rendered prior to the effective date of Part III of the Agreement will not prevent a person from claiming benefits under the Agreement.

Under Article 4.2, an employee who is transferred from one country to work in the other country for a period of not longer than 5 years will continue to be covered under the social security system of the first country and will be exempt from coverage in the host country. Article 24.4 provides that the 5-year period will be measured beginning on or after the date the Agreement enters into force. Thus, for persons to whom Article 4.2 applies who were transferred to the other country before the effective

(5) Notwithstanding the provisions of Article 27 concerning the effective date of Part III of this Agreement, Article 7.1 shall enter into force on the date on which Parts I, II, IV and V of this Agreement enter into force.

date of the Agreement, that prior period will not be counted for purposes of the 5-year limit.

Article 7.1 of Part III of the Agreement will permit the United States to pay certain alien beneficiaries, who would otherwise be subject to the nonpayment provisions of section 202(t) of the Social Security Act, during periods of residence in the United Kingdom. Article 24.5 makes it clear that the provisions of Article 27 for delayed implementation of Part III of the Agreement do not apply with respect to Article 7.1. Thus the nonpayment exception in Article 7.1 will take effect when the other Parts of the Agreement enter into force.

Article 25

The application of this Agreement shall not result in any reduction in the amount of a benefit to which entitlement was established prior to its entry into force.

Article 25 guarantees that benefits which are already being paid at the time the Agreement takes effect will not be reduced because of its entry into force.

Article 26

(1) This Agreement shall remain in force and effect until the expiration of one calendar year following the year in which written notice of its denunciation is given by one Party to the other Party.

Article 26.1 provides for the Agreement to remain in effect until the expiration of 1 calendar year after the year notice of termination is given by one of the countries.

(2) If this Agreement is terminated by denunciation, rights regarding entitlement to or payment of benefits acquired under it shall be retained; the Parties shall make arrangements dealing with rights in the process of being acquired.

Article 27

(1) This Agreement, except for Part III, shall enter into force on the first day of the second month following the month in which each Government has received from the other Government written notification that all statutory and constitutional requirements have been complied with for the entry into force of this Agreement.

(2) Part III of this Agreement shall enter into force on the first day of the thirty-sixth month following the month in which Parts I, II, IV and V of this Agreement enter into force.

Article 26.2 provides that in the event of termination of the Agreement, a person will retain benefit rights acquired before termination; supplementary agreements would determine the extent to which each country would recognize benefit rights in the process of being acquired at the time of termination—for example, periods of coverage which had not yet resulted in fully insured status.

Each country will follow its own constitutional procedures for approval of the Agreement. In the United Kingdom, the Agreement is subject to parliamentary review. In the United States, the Agreement must be presented to the Congress for a review period of 60 days during which at least one House of Congress has been in session as required by section 233(e) of the U.S. Social Security Act. Article 27 provides for staged implementation of the Agreement. Parts I, II, IV and V of the Agreement will enter into force on the first day of the second calendar month after each Government has received formal notification of approval from the other Government. Part III, which contains the totalization benefit provisions, will take effect 36 months after the other Parts enter into force.

The provision for delayed implementation of

In witness whereof, the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

Done in duplicate at London this 13th day of February, 1984.

For the Government of the United States of America:	For the Government of the United Kingdom of Great Britain and Northern Ireland:
Charles H. Price II.	Baroness Young.

the benefit provisions was included at the request of the United Kingdom in order to lessen the immediate budgetary impact of the Agreement. Without this provision it is likely that implementation of the entire Agreement, including the provisions to eliminate dual Social Security coverage, would have been delayed for a considerable period of time. In addition to permitting immediate implementation of the coverage provisions, staged implementation will facilitate administration on both sides by providing adequate lead time to prepare for what is expected to be a substantial benefit claims workload under the Agreement.

AGREEMENT

CHAPTER A

GENERAL PROVISIONS

Article 1

Terms used in this Administrative Agreement shall have the same meaning as in the Agreement.

ANNOTATIONS AND COMMENTS

Article 1 provides that terms used in both the Agreement and this Administrative Agreement, whether defined in the Agreement or not, have the same meaning as in the Agreement.

Article 2

(1) The liaison agencies referred to in Article 15 of the Agreement shall be:

(a) for the United States, the Social Security Administration,

(b) for the United Kingdom,

(i) in Great Britain, the Department of Health and Social Security, Overseas Branch, Newcastle upon Tyne NE98 1YX;

(ii) in Northern Ireland, the Department of Health and Social Services, Overseas Branch, Castle Buildings, Stormont, Belfast, Northern Ireland BT4 3HH;

(iii) in the Isle of Man, the Isle of Man Board of Social Security, Hill Street, Douglas, Isle of Man;

Article 2.1 designates the liaison agencies that will have primary responsibility for coordinating benefit claim and coverage determination procedures in the two countries. The Social Security Administration (SSA) is the U.S. liaison agency. There are five liaison agencies for the United Kingdom, one for each of the separate U.K. systems included within the scope of the Agreement.

(iv) in Jersey, the States of Jersey Social security Department, Philip Le Feuvre House, La Motte Street, St. Helier, Jersey, Channel Islands;

(v) in Guernsey, the States Insurance Authority, Bordage House, 7–9 The Bordage, St. Peter Port, Guernsey, Channel Islands.

(2) The liaison agencies designated in paragraph 1 shall agree upon joint procedures and forms necessary for the implementation of the Agreement and this Administrative Agreement.

Article 2.2 authorizes and requires the liaison agencies of the United States and the United Kingdom to agree upon those procedures and forms which must be prepared jointly for the implementation of the Agreement and Administrative Arrangement.

CHAPTER B

PROVISIONS ON COVERAGE

Article 3

Article 3 establishes procedures to Articles 4, 5 and 6 of the Agreement for the elimination of dual social security coverage and taxation of the same work under the systems of both the United States and the United Kingdom.

(1) Where the laws of a Party are applicable in accordance with Articles 4, 5 or 6 of the Agreement, the Agency of that Party, upon request of the employer, employee or self-employed person, shall issue a certificate stating

Under Article 3.1 and 3.2, the liaison agency of the country whose social security coverage laws will continue to apply will issue a certificate to that effect when requested to do so by a worker, the worker's employer or a self-em-

that the concerned employee or self-employed person is covered by those laws. The certificate shall be proof that the employee or self-employed person is exempt from the laws on compulsory coverage of the other Party. The liaison agencies of the Parties shall cooperate and assist one another as appropriate in ensuring that persons are covered under the laws of one or the other Party.

(2) The certificate referred to in paragraph 1 shall be issued by appropriate liaison agency of either Party.

ployed person. When presented to the appropriate agency of the other country, the certificate will establish the basis for the exemption of the person from the coverage laws of that country. Retroactive recovery of U.S. contributions paid with respect to services for which a coverage exemption has been in effect would be subject to the time limitations for refunds of taxes in the Internal Revenue Code.

CHAPTER C

PROVISIONS ON BENEFITS

Article 4

(1) The liaison agency of the Party with which an application for benefits is first filed in accordance with Article 18 of the Agreement shall inform the liaison agency of the other Party of this fact without delay, using forms established for this purpose. It shall also transmit documents and such other available information as may be necessary for the Agency of the other Party to establish the right of the applicant to benefits according to the provisions of Part III of the Agreement. In the case of an application for disability benefits it shall, in particular,

Article 4.1 and 4.2 outline the procedures to be followed by both countries for the exchange of pertinent information needed to process claims filed under the Agreement.

transmit all relevant medical evidence in its possession concerning the disability of the applicant.

(2) The liaison agency of a Party which receives an application filed with an Agency of the other Party shall without delay provide the liaison agency of the other Party with such evidence and other available information as may be required to complete action on the claim.

(3) The Agency of the Party with which an application for benefits has been filed shall verify the accuracy of the information pertaining to the applicant and his family members. The types of information to be verified shall be agreed upon by the liaison agencies.

The laws of both the United States and the United Kingdom require that certain information about individuals claiming benefits be verified (e.g., age and family relationship to the worker) before the claim can be approved. Article 4.3 provides that when a claim for benefits under the Agreement is filed in one country, the liaison agency of that country will verify the relevant information and inform the liaison agency of the other country of its findings. The liaison agencies will agree upon the specific types of information which must be verified. The purpose of the provision is to expedite the claims process by avoiding the duplication of effort which would result if the liaison agencies of both countries were required to verify the same information. Although a liaison agency may accept the findings of the other liaison agency concerning the accuracy of information, it may at its discretion request documentary evidence to support those findings.

ANNEX C—REPORT TO CONGRESS ON THE FINANCIAL EFFECT OF THE U.S.-U.K. SOCIAL SECURITY AGREEMENT

This report presents estimates on the effect of the proposed U.S.-U.K. social security agreement on income and expenditures of both countries' social security programs and the number of individuals affected by the agreement. Table 1 shows estimates of benefit costs and reductions in contribution income that would result from the agreement with the United Kingdom. Table 2 shows the number of persons who would become eligible for a totalized OASDI benefit under the agreement. Also shown in table 2 is the number of U.S. employees and their employers in the United Kingdom and the number of U.K. employees and their employers in the United States who would no longer be required to pay social security taxes to both countries but only to the system in their home country.

These estimates are based on the assumption that the coverage provisions of the agreement would become effective October 1984 while the effective date of the benefit provisions would be delayed until October 1987.

TABLE 1.—ESTIMATED ADDITIONAL COSTS TO THE UNITED STATES AND UNITED KINGDOM SOCIAL SECURITY SYSTEMS RELATING TO A PROPOSED TOTALIZATION AGREEMENT BETWEEN THE TWO COUNTRIES

[In millions of dollars]

	Fiscal year—				
	1985	1986	1987	1988	1989
1. Additional benefit payments from the U.S. system				2	2
2. Reduction in tax contribution income to the OASDHI system	4	9	14	19	21
3. Total cost to the U.S. system	4	9	14	21	23
4. Additional benefit payments from the United Kingdom system				15	15
5. Reduction in tax contribution income to the United Kingdom system	8	15	24	33	35
6. Total effect on the United Kingdom system	8	15	24	48	50
7. Net comparative effect [1]	4	6	10	27	27

[1] Calculated as line 6 less line 3. This number represents the total additional cost to the United Kingdom system in excess of the total additional cost to the United States system.

TABLE 2.—ESTIMATED NUMBER OF PERSONS WHO WOULD BE AFFECTED BY A PROPOSED TOTALIZATION AGREEMENT BETWEEN THE UNITED STATES AND THE UNITED KINGDOM

	Fiscal year—				
	1985	1986	1987	1988	1989
1. Persons who would receive a totalized OASDI benefit (Number in current pay status)				3,400	3,500
2. Persons who would receive a totalized U.K. benefit (Number in current pay status)				31,000	31,000
3. U.S. employees and their employers in the U.K. who would no longer make tax contributions to the U.K. Social Security system	1,200	2,200	3,200	4,200	4,200
4. U.K. employees and their employers in the U.S. who would no longer make tax contributions to the OASI, DI, and HI Trust Funds	800	1,600	2,250	2,900	2,900

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Article 5

In the application of Article 8 of the Agreement, the liaison agency of the United Kingdom shall notify the United States liaison agency of the weeks or years in which a person is credited with periods of coverage under the laws of the United Kingdom, along with such other information as may be necessary to determine the amount of the person's benefit.

Article 6

In the application of Article 9 of the Agreement, the United States liaison agency shall notify the appropriate liaison agency of the United Kingdom of the periods of coverage completed under United States laws, along with such other information as may be necessary to determine the amount of the person's benefit.

ANNOTATIONS AND COMMENTS

Article 5 provides that where totalization is necessary to establish a person's right to U.S. benefits in accordance with Article 8 of the Agreement, the U.K. liaison agency will furnish the U.S. liaison agency a record showing the weeks or years in which the person is credited with coverage under the U.K. system. The U.K. liaison agency will also provide such other information as the U.S. liaison agency may require to compute the amount of the person's benefit.

Article 6 provides that where totalization is necessary to establish a person's right to U.K. benefits in accordance with Article 9 of the Agreement, the Social Security Administration will furnish the U.K. liaison agency with relevant claims-related information, including a record showing the number of quarters of coverage the person has earned under the U.S. system.

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CHAPTER D

MISCELLANEOUS PROVISIONS

Article 7

In accordance with the measures to be agreed upon pursuant to Article 2 of this Administrative Agreement, the Agency of one Party shall, upon request of the Agency of the other Party, furnish available information relating to the claim of any specified individual for the purpose of administering the Agreement.

Article 8

The liaison agencies of the two Parties shall assist each other as far as possible in the compilation and exchange of statistics on the administration of the Agreement.

Article 9

(1) Where the Agency of a Party requires that a claimant or beneficiary submit to a medical examination, such examination, if requested by that Agency, shall be arranged by the Agency of the other Party in whose territory the claimant or beneficiary is present, in accordance with the

ANNOTATIONS AND COMMENTS

Article 7 provides that the agency of one country may upon request furnish claims-related information to the agency of the other country in accordance with agreed upon procedures. Such procedures will be agreed upon by the liaison agencies and will be consistent with the governing statutes of both countries.

Article 8 authorizes the liasion agencies of the two countries to exchange statistics concerning the administration of the Agreement, such as the number of beneficiaries and the types and amounts of benefits paid under the Agreement.

Where a medical examination is necessary to establish eligibility for or continuing entitlement to benefits under one country's system, and the claimant or beneficiary resides in the other country, the agency of the country of residence shall upon request arrange for the exami-

rules of the Agency making the arrangements and at the expense of the Agency which requests the examination.

(2) Upon request, the Agency of either Party shall furnish without expense to the Agency of the other Party any medical information and documentation in its possession relevant to the disability of the claimant or beneficiary.

(3) Amounts owed under Article 16 of the Agreement and paragraph 1 of this Article shall be reimbursed upon presentation of a statement of expenses.

Article 10

Unless authorized by the national statutes of the United States or the national legislation of the United Kingdom, as the case may be, information about an individual which is transmitted in accordance with the Agreement to one Party by the other Party shall be used exclusively for purposes of implementing the Agreement. Such information received by a Party shall be governed, as the case may be, by the national statutes of the United States, or the national legislation of the United Kingdom, for the protection of privacy and confidentiality of personal data.

nation at the expense of the agency requesting the examination.

Where one agency requests medical information from the other agency, the other agency will send to the requesting agency any pertinent medical information it has in its possession free of charge.

In order to receive reimbursement for administrative assistance, the agency which provides the service must present the requesting agency with a statement of expenses.

Both the United States and the United Kingdom have statutes that provide strict safeguards for maintaining the confidentiality of information pertaining to individuals which is in the possession of their respective Governments. In the United States these statutes include the Freedom of Information Act, the Privacy Act, the Tax Reform Act of 1976, the Government in the Sunshine Act, and the pertinent provisions of the Social Security Act and other related statutes. Article 10 provides that personal information pertaining to an individual which one country furnishes to the other under the Agree-

Article 11

This Administrative Agreement shall enter into force on the date of entry into force of the Agreement and shall have the same period of validity.

Done in duplicate at London this 13th day of February, 1984.

For the Government of the United States of America:	For the Government of the United Kingdom of Great Britain and Northern Ireland:
Charles H. Price II.	Baroness Young.

ment will be protected in accordance with the applicable provisions of the other country's privacy and confidentiality laws.

The Administrative Agreement will enter into force on the same date as the Agreement and will remain in effect for the same period as the Agreement.